

September 24, 2021  
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INTERNATIONAL MONETARY FUND  
Minutes of Executive Board Meeting 19/96-3  
10:35 a.m., December 5, 2019

**3. 2019 Diversity and Inclusion Report**

Documents: EBAP/19/96

Staff: Kochhar, HRD; de Bruxelles, HRD

Length: 2 hours, 9 minutes

## Executive Board Attendance

K. Georgieva, Chairman

### Executive Directors    Alternate Executive Directors

	K. Obiora (AE)
M. Raghani (AF)	C. Moreno (AG), Temporary
N. Ray (AP)	
A. Bevilaqua (BR)	
Z. Jin (CC)	P. Moreno (CE)
L. Levonian (CO)	S. Benk (EC)
	P. Rozan (FF)
R. von Kleist (GR)	N.Thiruvankadam (IN), Temporary
D. Fanizza (IT)	
T. Tanaka (JA)	
J. Mojarrad (MD)	
H. Beblawi (MI)	V. Rashkovan (NE)
	J. Sigurgeirsson (NO)
	L. Palei (RU)
	R. Alkhareif (SA)
A. Mahasandana (ST)	P. Trabinski (SZ)
S. Riach (UK)	
M. Rosen (US)	

J. Lin, Secretary

S. Maxwell, Summing Up Officer

D. Alcantara, Board Operations Officer

L. Nagy-Baker, Verbatim Reporting Officer

### Also Present

African Department: A. Fedelino. Asia and Pacific Department: M. Sahasranam. Change Management Unit: G. Paone. Communications Department: L. Kean, M. Van Dyck. Corporate Services and Facilities: B. Christensen, M. Lang. European Department: B. Joshi, T. Seturi. Fiscal Affairs Department: B. Sloboda. Human Resources Department: G. Agbakoba, C. Breslin, P. de Bruxelles, A. Demba, H. Gimba, A. Gomez, R. Guimaraes

Filho, C. Kamunge, Y. Lu, J. Maloney. Independent Evaluation Office: C. Collins, L. Stedman. Information Technology Department: T. Ferris, F. Gheriss, E. Pyrz. Middle East and Central Asia Department: P. Abebe. Monetary and Capital Markets Department: W. Demartis. T. Ferris SAC, T. Elkjaer SAC. Office of Executive Directors: A. Alzamel. Office of Internal Audit and Inspection: B. Fosu. Office of Risk Management: G. McDonald. Research Department: P. Hellmann. Strategy, Policy, and Review Department: N. Meads, M. Morgan. Statistics Department: T. Elkjaer, A. Kitili, K. Muttart Donaldson. Executive Director: G. Lopetegui (AG), A. Mozhin (RU). Alternate Executive Director: M. El Qorchi (MD), A. McKiernan (CO), P. Sun (CC), F. Sylla (AF), K. Tan (ST). Senior Advisors to Executive Directors: Z. Abenoja (ST), M. Choueiri (MI), T. Nguema-Affane (AF), O. Odonye (AE), C. Quagliarini (IT), T. Sitima-wina (AE), G. Vasishtha (CO). Advisors to Executive Directors: A. Abdullahi (AE), W. Al Hafedh (SA), E. Cartagena Guardado (CE), D. Fadhel (MI), O. Haydon (UK), A. Korinthios (IT), U. Latu (ST), M. Merhi (MI), P. Mooney (CO), H. Mori (JA), M. Mulas (CE), L. Nankunda (AF), A. Olhaye (AF), R. Pandit (ST), A. Park (AP), S. Senich (US), A. Urbanowska (SZ), A. Zaborovskiy (EC), Y. Zhao (CC).

### 3. 2019 DIVERSITY AND INCLUSION REPORT

Mr. Saraiva and Ms. Florestal submitted the following statement:

We thank management and staff for this comprehensive stocktaking of IMF's progress towards greater diversity and inclusion (D&I) while underscoring the milestones left to cover. A careful assessment of the current status and its distance from a truly diverse and inclusive environment is warranted as we initiate the discussion on the 2025 benchmarks. Consequently, going forward we expect more ambitious and granular targets to be set while preserving tractability. We commend staff for the efforts made this year to integrate beyond gender and regions other dimensions of diversity and inclusion. That said, while applauding the integration of other D&I dimensions in our analysis, we caution against the risk of scattering the focus and inadvertently obscuring substantial and tangible progress on core dimensions. The diversity effort framework should balance comprehensiveness and granularity with focus and tractability. This is even more important as we consider existing budget constraints.

We deeply regret that many of the FY2020 benchmarks will not be achieved and invite management, staff and the Board to reflect on important failures that may be overlooked behind some successful averages. Despite commendable efforts, the report depicts a Fund in 2019 that is still largely European and North American, especially at the highest grades, with significant gender imbalances remaining (Fig. 4). Gender is the dimension along which the D&I strategy has achieved the most visible progress towards set targets. However, there remains ample room for improvement and issues for concern. The report underscores clearly that successes along the gender dimension "masks the low representation of women from URRs in senior leadership roles". In addition, the unconscious bias documented in management meetings (see Box 2 and Annex II) points to disturbing practices with regards to gender and regional representation within departments. The persistent gap in achieving benchmarks set for East Asia and MENA+ calls for forceful action and the complete attainment of targets for Africa requires sustained attention. Moreover, the regional approach has its shortcomings, as lack of representation of smaller countries may be overshadowed by that of bigger overrepresented countries. Staff's comments in this regard would be appreciated.

In considering the use of secondary nationality and in explaining the concentration of educational background one should not lose sight of the value of diversity in the Fund's work. These dimensions of diversity beyond

gender and regions are important to stave off the ills of potential groupthink, which for example may have led the Fund to disregard and hence miss signs of the looming financial crisis in the 2000s. Substituting secondary nationality for the primary one may blur the information, whenever the latter indicates a stronger tie in terms of culture and experiences. If secondary nationality is to be included in the definition of targets, a more detailed assessment of effective ties would need to be done. Perhaps, determining how long a staff member has lived in either country of nationality could be a proxy for establishing which country exerts a greater influence on his/her culture and identity. In the same vein, the staff report seems to explain away the domination of the US and UK universities in staff's background because that is where the top universities would be. In our view, while top PhD programs may be a good measure of technical preparedness to do the Fund's work, it cannot be the only measure and the Fund may want to look at the performance over time of staff who came with a different background.

A strategic use of the upcoming wave of retirements, other separations and new hires is indeed warranted. The report's recommendation to give priority "to develop existing staff rather than 'buying in' the talent" seems sensible. In our view, it should imply as suggested in the report providing to diverse staff with opportunities to develop and ensure a successful pipeline for future management and leadership roles. Nonetheless, caution is warranted as to avoid having internal recruitments consolidate the existing lack of diversity in representation at the level of senior staff. Indeed, external recruitment at the senior staff-level must remain as an important oxygenation device for the institution. In addition, the report's call for management to pay greater attention to the potentiality of qualified support staff that can become junior professionals is welcome. Similarly, continued use of mid-career hires to create a robust pipeline of URRs is indeed a step in the right direction. Going forward, the diversity of country of origin of staff along the dimension of smallness and fragile situations should also be tracked.

Effective inclusion is essential for retention of diverse talent. Hence, the greater attention given to the issue in this year's report is welcome, including the coverage of promotions and pivotal assignments (PA). Commendable steps have been taken by management and senior staff across the Fund to foster a culture of inclusion and the development of inclusive leadership. However, many challenges remain. For example, the uneven distribution of pivotal assignments (PA) that lead to more interaction with management is concerning. Even more so considering that "the association between PA work and promotion is stronger than that of performance ratings". In this regard, we concur with the proposal to define pivotal assignments and

have managers proactively select diverse staff for these assignments, as they would be positive steps toward a more equitable personnel management system.

We concur with the need to perform detailed diagnoses prior to setting the 2025 benchmarks. While the report provides a wealth of information, it also raises many additional questions. Some of the results of the Staff Survey Inclusion Index (Table 5) are alarming and need to be further investigated and addressed by actionable measures. We note in particular the fact that a third of Fund staff did not think that policies were applied the same way to all staff and that 38 percent of staff surveyed do not think that the Fund has established a climate where employees can challenge the traditional way of doing things.

We would also like to have staff's feedback on the following: the potential impact of the CCBR on diversity and inclusion; the need for the Fund to investigate further the determination of the gender difference in career streams, given its role in explaining the gender pay gap; the cost implications of the different proposals, as the report barely touches on the budget implications of them.

Mr. Sigurgeirsson and Ms. Skrivere submitted the following statement:

We want to thank the Diversity and Inclusion Office and the Human Resource Department for the comprehensive report on the current progress. With the completion of over half of the 27 actions proposed in the last Diversity and Inclusion Report (2017) and many well underway, we continue to see the effort and fruitful work that is being done in order to make the Fund a more diverse institution. We are optimistic about the headway that has been made on the FY 2020 Diversity and Inclusion benchmarks. Nevertheless, there are still areas for improvement to reach the Fund's benchmarks and consequently correct the existing imbalances.

There are numerous possibilities for improving the gender and regional balances, including through the wave of retirees concentrated over the next ten years. One important area is the gender balance of senior level staff, where women are still in a significant minority. Since there is currently an underperformance of achieving recruitment targets for both women and Under Represented Regions (URR), this is a direct opportunity for the Fund to affect the progress towards several benchmarks. We have previously underlined the important role that the benefits structure plays in levelling the playing field with respect to a gender-balanced workplace.

While notable progress has been made on achieving some diversity benchmarks, further efforts are warranted. We welcome the success of surpassing the 25 percent benchmark for B-level women economists by 3.1 percentage points, and the close to zero pay gap between men and women in this category. We urge the Fund to set an even more ambitious target for this category in the FY 2025 benchmarks. The 6.8 percentage point decrease of external female hires in the A9-B5 levels between FY 2018 and 2019 is worrisome. We note that the overall 3.2 percent unexplained gender pay gap between men and women in the Fund is only slightly smaller than that reported in the 2016-2017 Diversity Report. This reiterates the fundamental role that the Economic Dividends for Gender Equality (EDGE) framework has in the undertaking for equal pay. We recognize the challenges associated with gathering and analyzing data on diversity. For example, when data on staff who have voluntarily declared secondary nationalities are included, the gap to achieve the URR diversity targets is reduced.

We encourage increased distribution of pivotal assignments for the Economist and Specialized Career Streams and focus on proactively selecting a diverse staff for these assignments. As shown in the case study, this influences the likelihood of promotions and improved career progression. We found the experiment of the 100 FDMD meetings very interesting. We were particularly struck by the finding that such a considerable share of top-level meetings at the Fund had no women participating in the discussions. This is worrisome and points to a possible bias that management should be ready to address promptly and effectively.

We welcome that the report has expanded to cover other aspects of diversity beyond gender and nationality. Staff with different educational and professional backgrounds, as well as multi-generational teams could contribute with different perspectives and therefore enhance the Fund's advice. Moreover, due attention needs to be paid to create an inclusive working environment for staff with disabilities and health issues, with different religious preferences, as well as LGBTQI+ staff.

Beyond diversity, we agree on the importance of developing the inclusion aspect of the benchmarks and are pleased with the progress since last year. It is evident that management has given priority to this core value in their work towards the psychological safety of all employees. The initiatives and innovations established by the council appear to have a meaningful effect on the organizational culture. We also welcome the idea of a proposed common Inclusion Index for International Organizations, which could be a milestone for the Fund's inclusion program, as well as other organizations.

Mr. Benk and Mr. Zaborovskiy submitted the following statement:

We thank the Diversity Advisor and staff for the comprehensive 2019 Diversity and Inclusion (D&I) Report. The progress made over the last several years in the areas of gender and geographical diversity of the Fund's staff is commendable. However, as outlined in the Report, there are several areas where progress has stalled, including in the hiring and retaining of staff from underrepresented regions (URRs), and additional efforts are needed. We welcome the Report's findings and the emphasis on broadening the concept of D&I beyond gender and regions. Strengthening the D&I framework requires congruent measures across the Fund, embedded in its HR Strategy, and compensation and benefits system. We encourage staff to further analyze the underlying factors which contributed to missing some diversity benchmarks, while avoiding a formal box-ticking approach.

Regarding regional diversity, we note the steady progress towards the B-level URRs benchmark, and the disappointing results for the A9-B5 URRs' benchmarks for East Asia and Middle East and North Africa + (MENA+). While the secondary nationality survey results show a more balanced picture, we encourage the Diversity Advisor to look beyond the current regional grouping and conduct a more detailed analysis of staff's regional diversity statistics, including the Eastern and Central Europe, Caucasus, and Pacific regions. Transition economies were dropped as a URR and also excluded from the Fund's World Economic Outlook grouping several years ago, so we see merit in revisiting the regional classification for the Diversity Report to ensure a comprehensive picture. Could staff comment on how they plan to address this issue for the FY2025 diversity benchmarks?

Regarding gender diversity, we note that women represent 47 percent of total staff and contractuales as of end-FY 2019 and more than 50 percent among specialized, contractual, and URRs Fund employees. Overall, the Fund has progressed noticeably against the B-level gender benchmark, achieving the 30 percent target for women and surpassing 25 percent for women in the Economist career stream. We positively note that the main results for FY 2019 show that an unexplained gender pay gap is within the +/- 5 percent threshold and industry norms. However, there is no room for complacency. Some alarming signs of widening gender gaps in the external recruitment of A9-B5 staff, the Economist and specialized career streams, as well as the declining share of women from URRs among the new recruits, call for additional efforts to entrench gender diversity at the Fund.

We strongly support the Report’s message that diversity is broader than the benchmarks related to gender and nationality. More efforts are needed to attract people with a diverse educational background, linguistic skills, and professional experience. While we broadly agree with the measures outlined in the recruitment, promotions, and separations sections of the Report, there is a stronger role to play for the compensation and benefits package, as well as more focused recruitment and retention efforts. We would like staff to update the information on the recent recruitment missions, including the Central and Eastern European countries, and MENA+ region. As has been underscored in previous discussions, achieving educational diversity and the “diversity of thought” is crucial for the Fund to deliver on its mandate. The results on this front so far are lagging.

Ensuring that the Fund’s compensation and benefits package is congruent with the D&I targets remains critical to sustain the progress going forward. To meet the ambitious D&I goals, the compensation and benefits system should support candidates who relocate internationally, often with a family, and be fine-tuned to the needs of expatriates to help overcome many challenges they and their family members are facing. We encourage the Fund management to use the ongoing Comprehensive Compensation and Benefits Review as a good opportunity to align the Fund’s compensation with the D&I goals, rather than “cutting costs”. Could the Diversity Advisor comment on how the proposed cutting of expatriate benefits could affect the Fund’s ability to achieve the D&I goals going forward?

The results of the Inclusion Survey point to the deteriorating environment of openness and trust, staff’s perceptions of lacking evenhandedness in applying HR policies, as well as a worsening of work-life balance, empowerment, and innovation. We acknowledge that inclusion is difficult to define, let alone measure, but these findings are sobering proxies of the real performance in this area. We see merit in proactively addressing staff’s growing concerns by strengthening a vision of a diverse, open, and inclusive work environment that goes beyond hiring benchmarks, and communicates expectations and accountabilities for fostering this environment. We also would like to learn about support from the Fund to the IMF Family Association and any plans to strengthen its role in the D&I strategy.

Finally, we would like to emphasize that recruitment and promotion should remain merit-based. Any perception that promotion decisions are (partly) driven by D&I considerations would adversely impact staff morale. In this regard, we are not convinced that the emphasis on shifting the

accountability for achieving the D&I targets solely to managers is well-justified, as it would possibly fuel such perceptions. Could staff further elaborate on what it means in practice? We also encourage staff to seek more engagement with the Executive Board before finalizing the Diversity Benchmarks for the next five years.

Mr. de Villeroché, Mr. Fanizza, Mr. Inderbinen, Ms. Levonian, Mr. Lopetegui, Ms. Mahasandana, Mr. Ray, Ms. Riach, Mr. Rosen, Mr. von Kleist and Mr. Rashkovan submitted the following joint statement:

We thank staff for this comprehensive report that details progress toward achieving diversity and inclusion in recruiting and promoting IMF staff. We fully support the goals of the Fund to become a more diverse, gender equal, open, and inclusive workplace. We welcome the progress made against some of the diversity and inclusion benchmarks, but note that the overall picture is mixed, and a considerable amount of work remains.

A growing body of research, including the Fund's own, shows that greater diversity broadens the range of perspectives and improves the quality of decision making and discussion and leads to better outcomes. Against this backdrop, we find it troubling that the Fund is far below some of the benchmark targets such as for Under Represented Regions (URRs) of MENA+ and East Asia for total A9-B5s, and recruitment targets for women for A9-B5. Even more troubling is that there is no mechanism for holding hiring managers accountable for not contributing toward meeting those targets or rewarding those who do.

Regional and gender-based diversity benchmarks are a useful tool in measuring a specific type of progress. On gender, the B-level targets—which have been met—need to be made more ambitious to strive toward convergence to 50 percent over time. But the gender imbalance for new recruits raises questions about the pipeline of female candidates that will be available for more senior roles. While appreciating the challenges that exist to reach this goal, the Fund must set an example as a premier international institution. More focused efforts to hit the 50 percent recruitment target seem warranted.

We wish to be updated as the benchmarks evolve for FY2025. Noting that the Transition Countries were dropped from the URR benchmarks as they consistently exceeded the targets, we question whether this benchmark was a useful measure of diversity. In particular, the Caucasus and Central Asian countries are sparingly represented at the Fund. Also, the progress at the

managerial level within the group has been limited. Considering the vast heterogeneity across the regional groupings (Asia excluding East Asia, for example, stretches from India to Kiribati), we would like staff to monitor closely the representation of regional groupings when designing the new FY2025 benchmarks.

Equally important are continued concrete actions towards regional diversity. We underscore the importance of a robust accountability framework that provides oversight over all the three key activities (recruitment, promotion, separation) that impact regional diversity, to ensure the priority actions to address the gaps are effectively implemented. To this end, holding managers more accountable for achieving the diversity benchmarks could be an important element of their performance appraisal. The labor market studies and other efforts to better understand the potential and current URR staff would better inform the actions towards achieving the regional and gender targets for URR.

The staff report indicates that having additional information on staff such as secondary nationality may help provide a fuller picture of diversity. It would be useful to have such information available to the Benchmark Working Group as they consider the future targets. Will the new IHR system be able to capture this or other relevant information? Is there any evidence of incentives not to disclose dual citizenship?

Diversity is broader than benchmarks related to gender and nationality and we would encourage the Fund to consider broader aspects of diversity in its Diversity and Inclusion programs and initiatives. Greater efforts are needed to attract people with diverse linguistic skills and professional experience. We also encourage the Fund to work to ensure that the culture of the organization is inclusive of different cultures and religions, generational differences, disability/different abilities and staff identifying as LGBTQI. The coverage of initiatives related to other aspects of diversity in the 2019 report is helpful in this regard. We would also welcome further diversity and inclusion reports considering the role that workplace flexibility could play in enabling the presence of a diverse range of people with different circumstances and backgrounds at the Fund.

Despite the attention given to the benchmarks, we wish to emphasize that meeting benchmarks does not automatically make the Fund a more diverse, open, and inclusive workplace. In this regard we welcome the introduction of Inclusion into the Fund's core values framework. Indeed, we share staff's view that inclusion means cultivating a work place that values,

celebrates, pools together, and leverages differences. We strongly believe that diversity and inclusion can lead the way for broader perspectives, different skills and sensibilities, thus we encourage the Fund to continue strengthening inclusiveness with concrete actions.

Part of these actions need to focus greater efforts to attract people with diverse educational backgrounds, linguistic skills, and practical professional experiences. While the staff report claims that it is not surprising that U.S. and UK university background dominate as schools in the U.S. and UK are highest-ranked for PhD degrees, we believe the lack of educational heterogeneity could be one of the root causes for a lack of overall diversity. We do not find the argument that candidates must come from a very narrow range of top-ranking universities to be qualified for a Fund job to be credible; demonstrated experience and proficiency with macroeconomic analysis, regardless of the program's geographic location, is what is necessary. Here we highlight our Managing Director as an example, whose PhD is not from one of these universities.

As demonstrated in the anecdotal analysis of speaking time in management meetings, having a more diverse workforce does not necessarily mean that there will be a greater diversity of views expressed. While diversity starts with the hiring process it is not sufficient to recruit women or people from diverse backgrounds if we fail to cultivate an environment where their views are valued. Recognizing the role unconscious bias can play, the Fund should continue with its efforts to promote a more positive work environment that fosters a climate of trust and tolerance. We should be thinking about how to capture qualitative data that could reflect whether there has truly been a change in culture. We therefore encourage a more diverse and inclusive approach, including by building a stronger pipeline of future female managers in the A13-A15 grade levels so as to increase the share of women in leadership roles.

We appreciate the very interesting and informative analysis on pivotal positions' correlations to the likelihood of promotion. We are concerned by the implication that incentives for staff may not be well aligned to those areas where the Fund can have the greatest impact. While large programs are obviously a priority, the Fund's advice often has less value-added and receives less traction in the major advanced economies, where it competes with multiple sources of analyses, in contrast to its work in emerging markets and particularly low-income countries, where its analysis may be a key source of information for the authorities and its advice may have significant traction.

We welcome ideas on how to fully incentivize and reward staff who choose to work on low-income and fragile country issues.

The Offices of Executive Directors need to set an example by increasing gender parity at the Board. The number of women Executive Directors and Alternate Executive Directors on the Executive Board is very low—currently six (three Executive Directors and three Alternate Executive Directors). The number of women working as Senior Advisors and Advisors to Executive Directors remains below the voluntary targets agreed in 2016. We welcome the work of the Working Group on Gender Diversity of the Executive Board and wanted to highlight that in 2019 the working group is preparing the groundwork for increasing representation of women on the Executive Board in the next regular election of Executive Directors in October 2020, and drawing attention to the need to work towards achieving the voluntary targets for the appointments of women as Senior Advisors and Advisors to Executive Directors. We can, and should, do better.

Going forward we want to see proposals from staff on how to improve accountability for increasing diversity and inclusion in the Fund workforce. In addition to meeting numerical benchmarks, we need to see proposals that communicate expectations and accountabilities for managers to foster an environment of inclusion. We would like to have proposals for increasing the accountability of hiring managers in the near term, not after a multi-year process. Therefore, we request an update in six months on the Benchmark Working Group findings, proposals for increased accountability, and a timeline for a new staff survey.

Mr. Beblawi, Mr. Jin, Mr. Mahlinza, Mr. Mojarrad, Mr. Mouminah and Mr. Raghani submitted the following joint statement:

We thank the Diversity and Inclusion Advisor for the well-prepared 2019 Diversity and Inclusion Annual Report and appreciate the outreach. We also appreciate the inclusion of “Actions for the Future” in each section of the report, although we feel that these actions are sporadic and fall short of a comprehensive strategy for regional and gender diversity at the Fund. Since much remains to be done, we continue to call for further efforts to increase the share of staff from underrepresented regions through a more proactive approach and stronger commitment at all levels.

We regret that progress towards achieving the 2020 diversity benchmarks has been uneven and some are now clearly unachievable. Given this, we are surprised that this paper does not propose a strong and determined

strategy, similar to that adopted for gender diversity, to advance regional diversity. We think it is now critical that more focused efforts towards meeting the benchmarks for underrepresented regions (URR) be pursued. Additionally, we are concerned that women from URRs have not benefitted from the push toward gender diversity, and in fact, recruitment from this group is declining. We find it quite disappointing that some of the URR benchmarks targeted for 2020 now appear unattainable. More troubling, and as recognized by staff, the Fund would still fall short of the diversity benchmarks in 2025, unless there is significant change in current strategy for URRs, more specifically for East Asia and MENA+.

We are of the view that the intrinsic focus of the Fund's diversity should remain based on gender and geography, while other characteristics may be considered once we achieve these two. We believe that this position is supported by the outline and expectations of the Articles of Agreement and should remain the bedrock and core mandate of the Diversity and Inclusion Office (DIO). In this context, we think that the DIO should prioritize addressing root causes for the underperformance of gender and geographical diversity.

More specifically, we call for enforcing an accountability framework that is capable of measuring management's implementation of Article XII, which underlines that: "In appointing the staff, the Managing Director shall, pay due regard to the importance of recruiting personnel on as wide a geographical basis as possible". We may need to consider adopting some elements of SMART metrics, with more accountability, perhaps through a framework to increase incentives by potentially including those metrics as part of the annual Enhanced Performance Management review process. More importantly, those metrics should be also endorsed by the Board like the IEO recommendations, to ensure a more proactive approach towards regional diversity.

We are also concerned about staff indication of potentially less Board Engagement in the future. In the past, a lack of engagement manifested in different forms, despite elevated risk assessment level compared to institutional acceptance in the 2019 Risk Report. Specifically, there was no D&I reports in 2016 and 2018. More recently, it has manifested in the alarming number of pending actions since the previous report, as highlighted in pages 6-7. While staff do not provide detailed explanations as to why implementation has not started on these actions, these outcomes demand more reflection by all of us on the approach being taken towards diversity at the Fund. Here, we take positive note of the historical appointment of a woman

from an emerging economy as Managing Director (MD), and we are hopeful that this will lead to significant positive change as the new MD has promised upon her appointment when she pledged meaningful and measurable advancements in all aspects of diversity, “Buckle up, change is coming”.

We emphasize that the HR strategy and the CCBR should be part of the building blocks to achieving a diverse work force, as they underpin hiring and promotions. In this respect, ensuring that the Fund’s compensation and benefits package remains competitive is key to attract diverse candidates including from URR that are willing to relocate internationally. Thus, ensuring attractive expatriate benefits will act as a key enabler for diversity.

We call on Management to offer more clarity on the plan for engaging the Board in the process of setting the 2025 benchmarks. For East Asia, we note that no recruitment target was set for the period FY 2015-2020, as the 2020 Diversity Benchmarks Working Group recommended that the focus for East Asia should be on reducing the outflows. Although it has been indicated that the net outflow of East Asian staff has continued, figure 24 shows that the resignation rate for East Asia is lower than the Fund average, which implies that the under-representation mainly comes from the recruitment side. In this regard, we wonder what staff has learnt as the main factors perpetuating this trend from the separation interviews and whether addressing those issues would not be part of the solution to stem the outflows. For MENA+, we also note that despite a lower 2020 benchmark for B-Level Staff, it has not been met. Therefore, we urge staff to make more ambitious and explicit diversity targets for URR going forward, including for recruitment from East Asia.

We encourage the focus on corrective measures that effectively address the lack of progress towards achieving some of the 2020 benchmarks. Specifically, we support diverting more of the diversity effort towards filling the gap on underrepresented regions, where there is accumulated evidence of the diversity challenges. In this context, it is essential to prioritize actions with highest potential impact within each of the three stages: inflow (recruitment), career progression (promotion), and outflow (separation). For example:

**Recruitment:** Greater focus should be on diversity in mid-career recruitment in departments. Going forward, we urge Management to empower HRD in the mid-career recruiting process to enhance accountability. Systems should be put in place to ensure that the shortlisted candidates from URR do not end up being viewed as second-class.

**Promotions:** Designing a sponsorship program is a delayed action since 2017. We believe that better diversity results could be achieved if such a

system is designed to be integrated within the Fund culture, particularly through creating incentives for senior staff to advocate progress for those they sponsor, including during the EPM process and selection for pivotal assignments. Nevertheless, we expect that deserving staff from URR should be in the pipeline for eventual promotions.

Separations: The limited number of promotion opportunities calls for a clear articulation of diversity goals when implementing HR initiatives related to workforce and succession planning.

We support the call for a major shift towards holding Heads of Departments more accountable for achieving diversity benchmarks. Here, we look forward to the implementation of the new HR delivery model that will facilitate achieving bigger gains, as well as proposals for more central oversight of all recruitments. In this context, could staff elaborate more on how the accountability framework and more central oversight of all recruitments would impact the ultimate decision making of the departments' hiring managers, and how it will contribute to meeting benchmarks? What concrete measures could be taken to make the functioning of existing HR committees such as the Review and Senior Review Committees more effective and accountable in achieving diversity benchmarks?

The ongoing initiatives on strategic workforce planning, structured talent reviews, and succession planning are critical to enable managers to tap into the existing talent. We support staff call for an immediate adoption of measures to ensure better opportunities for identified successors to have career booster assignments, to develop, and to demonstrate their potential. In this vein, we see the importance of improving B-level strategic workforce planning through strengthened efforts in both external recruitment and internal promotion of URR nationals.

We support the recommendation to create a more robust mid-career pipeline of URR candidates with exposure to the Fund. More specifically, we welcome the planned expansion of the Special Appointee Program (SAP), the scope of the Internship Program, as well as the use of the Research Assistant Program (RAP) to provide opportunities for URR candidates to gain Fund experience and serve as a feeder for future roles.

We welcome efforts to develop and implement a policy requiring a diverse slate of candidates throughout the recruitment process for all vacancies, including for contractual employees. In this regard, could staff elaborate whether we should expect the accountability framework and new

HR oversight model to play a similar role in the recruitment process across the organization, including for contractual employees?

Finally, we urge staff to take a tailored and granular approach to each identified constraint, including for underrepresented regions. We believe that this can be achieved through monitoring and identifying country-specific challenges, while working closely with ED offices. In this context, we support conducting labor market studies for under-represented groups (women, URRs, men in A1-A8 roles) to better target candidates. We also urge HRD to keep ED offices involved and seek their help to organize regional recruitment missions.

Mr. Tanaka, Mr. Harada and Ms. Mori submitted the following statement:

We thank staff for the informative annual report. We appreciate staff for their work so far to facilitate Diversity and Inclusion (D&I) in the Fund. The report has critical importance as it includes comprehensive analysis on the progress of D&I and therefore, we encourage staff to update it annually. We are looking forward to seeing continuous progress on this issue including a new 2025 Diversity Benchmark by making close alignment with the ongoing review of HR strategy.

We share the views in the joint Gray by Mr. Beblawi and others and in the joint Gray by Mr. de Villeroché and others. Especially, we strongly support their views on accountability and enforcement regarding URR. On this basis, we would like to make a few detailed remarks.

#### General remarks

While we understand that diversity encompasses many characteristics, the intrinsic focus on regional and geographical should remain the bedrock and core mandate of the Diversity Office as it is clearly stated in the Articles of Agreement. We need to keep it in mind that avoiding a perception that the dominance of westerners would give unconscious bias to Fund's study or policy advice is important to maintain legitimacy of the Fund. Recruiting staff from diverse region would contribute to provide analysis and policy recommendations with deep understanding of realities of each region. We put emphasis on the needs of more proactive actions to address root causes for the URR in the course of recruitment and promotion under the leadership of management, Diversity Advisor and HRD.

We regret the slow progress of 2020 Diversity Benchmark though some are achieved. In particular, it is regrettable that the 2020 East Asia benchmark will unlikely to be met even at the end of 2025. We urge staff to take remedial actions according to situation of individual country. In doing so, staff should monitor the situation, identify factors and plan measures in a tailored and granular manner, in cooperation with country authorities and executive directors' offices.

We expect the 2025 Benchmarks Working Group to carefully examine root causes for underperformance of 2020 benchmarks and establish benchmarks that is desirable to achieve institutional diversity. We take note that the 2020 Diversity Benchmarks Working Group concluded that East Asia should focus on stemming the outflows and did not propose recruitments benchmark. Given the significant underperformance, we believe that recruitment benchmark can be an option for 2025 benchmark for East Asia.

### Recruitment

While we appreciate the recognition of necessity to attract people with diverse educational background, we should bear in mind that the Fund requires diversified credentials as global issues diversify. It would raise concern of going against diversity if you set implicit criteria of evaluating people with the PhD degree from US and UK as highest-ranked. Although we fully understand the necessity to maintain the quality of staff as best and brightest, we should pay careful attention on this so as not to exclude heterogeneity under the principle of maintaining staff quality.

The purpose of recruiting mid-career staff would be to add values to the Fund's work under rapid change in economic and social structure, by utilizing their knowledge and professional experiences of policy and business planning in public and private sectors. In this regard, we believe that mid-career recruitment should seek people with different knowledge and experiences from EP while paying attention to fungibility. To this end, it is important for the HRD to provide appropriate support to hiring departments so that they could conduct their recruitment with such diversity aspects.

As for the mid-career fungible economist, we encourage staff to continue monitoring the situation and take necessary interventions to ensure that URR are not only passing the panel but also eventually be hired by departments. In this context, we welcome the trend, "URR are less likely to pass the panel and be hired," is changing, supported by the active engagement of HRD including through improvement of the Mid-Career Program. In this

regard, could staff elaborate more on how the accountability framework and more central oversight of all recruitments under new HR delivery model would impact the ultimate decision making of the departments' hiring manager, and contribute to bench mark achievement?

Diversity of contractuels is also important as contractual employees are one of the main sources of staff recruitment. In this light, we would like to ask staff whether we should expect the accountability framework and new HR oversight model play a similar role in the recruitment process across the organization including for contractual.

### Promotion

If there are any unconscious bias and the tendency of less prevalence of pivotal assignment for URR staff negatively affect the promotion of URR staff, this need to be addressed especially in the promotion from A14 to A15. In this regard, we welcome the analysis of relationship between pivotal assignments and promotion and exposure to management or senior level.

From a view point of tackling with URR B level benchmark, providing equal opportunity to URR staff is important. Hence, we call for HRD to continue monitoring this situation and to encourage departments' hiring staff to be aware of this issue. We urge staff to design and implement a sponsorship program which is originally in 2017 Diversity and Inclusion Report Proposed Actions but not yet started.

As staff pointed out, the projected high number of retirements over the next 10 years offers an opportunity to address diversity issues and this should be taken into account in the workforce planning and succession planning. In order to determine whether we need to "build" or "buy" talent, the Fund need to decisively implement Fund-wide workforce planning to identify skills, competencies, and experience for the future. Also, succession planning for A14 through B5 level and talent reviews and career development plans must be activated with due consideration on diversity aspects.

Mr. Villar, Mr. Moreno and Ms. Mulas submitted the following statement:

We thank staff for the 2019 Diversity and Inclusion Report. This constituency strongly supports the diversity and inclusion (D&I) policy as an essential tool to improve the quality and effectiveness of Fund's policies as well as to foster the IMF's important role of leading by example.

We broadly support the set of actions proposed and would encourage a more ambitious approach. The use of benchmarks has proven to be useful, not only in terms of accountability, but also more importantly to achieve the main objective of ensuring that the Fund's culture is truly inclusive and diverse as it is its membership. We should keep working in this direction and would suggest raising some benchmarks, including new ones, and consider adopting diversity guidelines.

On gender, while we commend the progress reached in some specific areas, parity is still far. We highly welcome the progress in the share of women at higher grades, particularly since the inclusion of benchmarks. Indeed, the share of women at the B-level, including in the economist career stream, has grown by around 15 percentage points over the last 15 years. This highlights the usefulness of benchmarks to reach a more gender equal staff at the IMF. Therefore, we strongly advocate not only to raise the benchmarks for women at B-levels, but also to include new ones, particularly regarding on new hires. We were negatively surprised that women accounted for only 31 percent of external hires in 2019, even lower than in 2018, and the gap between the share of recruitment of men and women in the economist stream is widening. Women's participation rate in the Economist Program has marginally increased in the last three years, despite recruitment being the first step to increase gender diversity, as highlighted by staff. In this vein, the CCBR and the HR strategy should create incentives and working conditions—including, but not only limited to, family-friendly policies—to foster career paths and strengths for women to encourage gender diversity. We find interesting the study on bias in IMF meetings as it highlights the need to foster gender diversity in the overall culture of the Fund. We also support the need to enhance further Board gender diversity as it contributes to stronger decision-making. We strongly welcome the gender pay gap analysis and we agree on the need to keep monitoring and reporting the results of the analysis.

On regional diversity, we are particularly concerned by the lack of promotion of the "other Western Hemisphere." The average rate of promotions for Western Hemisphere economists, excluding US and Canada, is well below Fund's average. We urge staff to assess and address the underlying causes of this trend. Staff's comments are welcome. We take note that the Fund has struggled to achieve the benchmark regarding under-represented regions (URRs). At the same time, staff emphasizes that when including secondary nationality, the gap is reduced, most significantly for MENA+. Therefore, we see a need for further analysis and data reporting regarding second nationality, which should feed the 2025 Diversity Benchmarks Working Group. We also continue to observe that in Europe and the Western

Hemisphere there is still a significant concentration of staff representing just a few countries. Further, we note that 41 countries are not represented in the Fund. Could staff advice on which countries are highly over and underrepresented?

On educational background diversity, we understand it in the broader sense of university of origin, academic discipline and professional diversity. The emergence of macrocritical cross-cutting themes such as distributional impact, climate change, new technologies or political economy concerns call for a more discipline-diverse staff to be able to fulfill the Fund's mandate effectively. We attach value to recruiting staff with diverse educational backgrounds, professional experience, and linguistic skills, not only in the EP program but in every recruitment process, particularly in mid-career. We note that staff highlights that most of new hires come from US and UK universities, it would be interesting to know the diversity in terms of schools of thought within these universities. It would also be interesting to hear staff's views on measures that can be taken to broaden the recruitment process to include different educational and professional backgrounds. Staff's comments are welcome. There is value added in having staff from different educational systems to better grasp the changing economic thought and regional idiosyncrasies, given that talented professionals are spread among the membership. We call on staff to resume recruitment missions to the countries of this constituency (according to CY 2018 EBAP/19/17, there has not been any since 2016, and only one in 2015).

We support moving forward the inclusion of people with disabilities. We support the mandatory training courses, as a mean to reinforce Fund's culture on inclusion. We agree that the principal focus of the D&I policy should remain on gender and regional diversity; at the same time, we share staff's view on the need to continue broadening the objective of inclusion. Nowadays there are plenty of technologies available to cater to the needs of people with disabilities. Is staff considering acquiring specific technologies to support the recruitment of people with disabilities? Is staff considering introducing specific rules or benchmarks to foster disabilities inclusion?

We should take advantage of the renewed CCBR and HR strategies to boost our D&I policy. We are at a turning point to make this institution truly diverse and inclusive. Not only retirement projections, but also the new emerging issues represent unique opportunities to strength staff's diversity. The CCBR and HR strategy are critical to build a diverse workforce. We strongly encourage staff to promptly undertake an ambitious and holistic approach to achieve significant progress by the next inclusion reports.

Mr. Palei and Mr. Biriukov submitted the following statement:

We thank staff for the comprehensive 2019 Diversity and Inclusion Report (DIR), and welcome further progress towards the 2020 benchmarks. Ensuring a diverse and inclusive culture requires an ongoing effort and commitment from the Fund, as well as revisiting some of the benchmarks guiding the Fund's policy in this area. The Fund also needs to identify new risks and mitigate possible negative effects.

We agree with other Directors calling for an update in six months on the Benchmark Working Group's plans. Given the failure to conclude the quota reform, we believe that the definition of underrepresented and overrepresented regions and countries should be revisited.

In line with the above, the Fund's workforce should mirror the communities it serves. Since the publication of the previous report, the Fund moved further toward meeting its FY 2020 diversity goals for stock and external recruitment; however, the progress was generally uneven. Moreover, regress was evident with respect to half of the goals. We note that the inclusion of the secondary nationality narrows somewhat the number of targets with negative performance, and we believe that this issue should be perused further. We would appreciate comments from staff on the preliminary findings regarding the factors that contributed to the shortfalls in performance.

Many Directors emphasized the link between the CCBR and changes in diversity. In this respect, we note that, after the changes in the compensation system for A1-A8 staff took effect, the share of US citizens as a percentage of total A1-A8 staff spiked from 25 percent in 2008 to almost 37 percent in 2019. This is a worrisome development, which should not be overlooked in the Diversity and Inclusion Report. This group is also outside the scope of the 2020 diversity benchmarks. We would like staff to elaborate on the reasons for this significant change, which seems to contradict the goals of enhancing the geographic diversity of staff. Did changes in the compensation system negatively affect the structure of staff in A1-A8 categories? Is there a case for more guidance/benchmarks/monitoring based on these developments?

The ongoing CCBR leads the Fund to a major redistribution of benefits from expatriate staff to all staff members. Hence, in the situation of limited overall resources and as a result of the CCBR, U.S. staff will see a substantial increase in their benefits at the expense of expatriate staff. In the opinion of staff, what would be the main risks to the diversity in the Fund, if

any? If such risks do exist, should the 2025 Diversity Benchmarks Group explicitly take them into account?

On the positive side, we note the finding of the mid-career fungible economist hiring analysis for 2013-17 that the share of women passing the panel and being hired was generally consistent with the pool of talent in the market. We are concerned, however, that the share of female professional hires dropped to 31 percent in 2019 from 38 percent in 2018. In addition, we note that the share of professional hires from MENA+ almost halved to 5 percent. We appreciate the fact that HRD took immediate action to address the reasons for the candidates from under-represented regions to be less likely to pass the panel and be hired, even after controlling for other individual attributes, such as educational background, gender, and age.

We agree with the statement by Mr. Benk and Mr. Zaborovskiy that promotion should be merit-based. We also support Mr. Sigurgeirsson and Ms. Skrivere in their call to increase distribution of pivotal assignments for the Economist and Specialized Career Streams and focus on proactively selecting diverse staff for these assignments. In this respect, we are concerned with the report's finding that "the association between PA [pivotal assignments] work and promotion is stronger than that of performance ratings". Indeed, the report reveals a nearly 50 percent higher likelihood of career advancement for those staff who have worked on a PA during the 3 years preceding any promotion. The likelihood of promotion is only 18 percent higher than the baseline rate for staff with at least one outstanding/superior rating in the same 3-year window before the promotion. These observations may explain why the results of the staff inclusion index survey revealed substantially higher share of staff thinking that policies are not applied fairly to all employees. Staff comments would be appreciated.

In this respect, we note that the CCBR puts much more emphasis on the link between staff's performance and their compensation and promotion. Given the evidence provided in the DIR and mentioned above, are we risking to see more deficiencies and tensions, adding to current worrisome perceptions by the very significant groups of staff of policies not being applied fairly?

We think the part of the report on separations could benefit from a more detailed analysis of the factors driving resignations. Do staff have any estimates of the role that the Fund's compensation and benefits and a lack of promotions play in resignations? Against this background, we again join Mr. Benk and Mr. Zaborovskiy in their call on the Fund's management to use the

ongoing Comprehensive Compensation and Benefits Review as a good opportunity to align the Fund's compensation with the D&I goals, rather than "cutting costs".

On the policy actions front, we agree that a shift towards holding managers more accountable for achieving diversity benchmarks would be beneficial. All efforts should be made to ensure that further promotion of gender and regional diversity does not undermine the quality of staff. Could staff elaborate on how departments currently maintain the balance between observing merit, on one hand, and diversity benchmarks, on the other hand, during recruitment and promotion?

Mr. Bhalla and Mr. Natarajan submitted the following statement:

We thank the staff for the detailed analysis of the diversity and inclusion in the Fund. As a multilateral institution, the Fund has vast stretch of membership and requires to maintain its representative character, in governance structure and staff.

**Benchmarking:** In this context, the 2019 Diversity and Inclusion Report provides good insight into the progress made with respect to gender level and regional benchmarks and achievement thereof. We recognize the challenges in achieving certain benchmarks, due to interplay of multiple factors like regional diversity, gender parity and merit requirement. Here, we take positive note of the achievement of benchmark targets for B-level staff by gender, A9-B5 staff for Transition countries, B-level share for MENA region and B-level for women in economist program.

**Developing a balanced human resource pool:** The objective of a having a well-balanced and evenly represented staff, which caters to the functional requirements will make the institution stronger and dynamic. Addressing the concerns of diversity and inclusion requires a long-term perspective and commitment. While it can be observed that there are overall variations across regions in representation and gender parity, a granular analysis reflects variations across different categories of employees. It is pertinent to note that this has implication for the leadership role in the Fund in future. A broad-based set of initiatives should help to develop a talent pool diverse across different levels also. Here, we share the concern of paucity of women in leadership positions, though there are specific examples of senior leadership roles occupied by women in the Fund.

Recruitment and Promotion: As rightly observed in the report, recruitment is the first step in increasing the diversity among employees. It is encouraging to note the steady increase of women and URR region representation in the Economist Program. Curiously, women accounted for 75 percent in A1-A8 staff and 63 percent of contractual employment, but their share has fallen from 37.8 percent in 2018 to 31 percent in 2019 in A9-B5 levels. Can the staff provide an assessment of this phenomenon? Are there any discernible trends and underlying reasons including socio-economic factors to understand this and address them appropriately?

On the action side, we welcome the expansion of Fund Internship Program and labor market studies to develop and identify talent and the need to use them in a broad-based manner across regions. Enhancing diversity through promotion can be useful but also challenging. Analysis of the average rate of promotion presents divergent picture across the regions and requires deeper understanding of the factors causing these variations. As mentioned in the report, the projected high number of retirements offer an opportunity to address the career development opportunity by identifying skills, competencies and experience required for future leaders.

The exercise on gender pay gap is very useful and we welcome the conduct of annual pay gap analysis. Large divergence in the average salary of men and women, even after considering the heterogeneity of jobs, requires constant attention. The unexplained gap in gender pay gap point to the need to address this issue.

Finally, we are encouraged by the range of activities for inclusion and psychological tools to make the place of work safe. These will not only benefit current employees but will make the Fund an attractive destination of work for new talent and be a model organization in this respect.

The Chairman made the following statement:

I want to thank you all for your very strong engagement in preparation of this meeting, but more importantly, throughout the years on the topic of diversity and inclusion (D&I). Let me give you the proposed way we would run this meeting. Hopefully we would get the staff association soon in the room to hear. Here is Thomas. Excellent. I was just announcing that we should have you to speak after me on behalf of the Staff Association and staff, and then I would turn to walk you through the 2019 Diversity and Inclusion Report.

It has been 2 1/2 years since the last formal report to the Board, and we have had updates, one earlier in May, and we also have been quite engaged in the last months on this topic. How do we fare? What is the report presenting in terms of progress to date? The data shows there has been tangible progress. The Sub-Saharan Africa benchmark for A9-B5 has shown steady growth, and it has been met. MENA+ nationals have seen the largest growth among the three underrepresented regions in terms of representation at B-level and are close to achieving the benchmark; not there yet but close. East Asia, ASEAN+3 nationals also show steady growth, and we have surpassed the 25 percent benchmark for women economists at B-level and met the overall benchmark, 30 percent for women at B-level.

We have an ongoing HR strategy that is yielding progress on diversity and inclusion by embedding diversity and inclusion in the HR service delivery model, the Enhanced Performance Management system, and the Career Playbooks. In addition, throughout the Fund there are numerous initiatives to build a more inclusive work environment, including mandatory courses, strengthening the grassroots champions. This coming Monday, December 9, the Diversity and Inclusion Office will host an event to raise awareness on disabilities, an area where admittedly we have to do more.

There are areas where we have to do better. Across all three underrepresented regions, the B-level benchmarks have not been met. We may have made progress, but we have not met the benchmarks. The gains in the share of women economists at B-level have not expanded to underrepresented regions. In other words, we are not doing that well in women from underrepresented regions, and this especially applies to Sub-Saharan Africa. In fact, our data shows that no female economist from Sub-Saharan Africa has ever been promoted to B-level, and that has to change.

When it comes to promotions, we have seen some groups have larger shares and faster rates in promotions than others. In other words, some departments are more leaning forward, and others are falling behind. We have to focus our efforts to meet the 50 percent external recruitment target, and we have to look into impact of assignments, namely those related to G20 and large program countries. We have to think of diversity and inclusion across all the pathways in recruitment and professional development at the Fund.

Lastly, let me recognize that we also have in front of the Board proposals on the Compensation and Benefit Review (CCBR), and they also have implications for diversity. We have included a critically important benefit to subsidize childcare for all staff with young children. This has been a

big gap in our benefit package, and we certainly expect this benefit to be particularly relevant for recruiting and retaining women, which has been a very difficult task for us, so we can help women not to sacrifice their career when they have young children with the support we can provide. And it recognizes the reality of two-career families, supports both gender and nationality. It makes it easier for all young people.

Secondly, we have maintained expatriate benefits, home leave and education subsidies, on the recognition that there is clear cost of expatriation for families that are leaving their home countries to come to Washington. Together with the increase in parental leave for both mothers and fathers, we would make the Fund a more family-friendly place, and we see this as a benefit for diversity and inclusion.

The Chair of the Staff Association Committee (Mr. Elkjaer) made the following statement:

Yesterday morning as I came back to work at the Fund after I had a meeting at the EU Commission on Monday, the diversity of the Fund was just evident and vibrant. It brought a smile to my face. I am excited to celebrate our diversity, and I also believe this is one of the main reasons why in the latest survey, nine out of ten staff said they were proud to be associated with the Fund.

That said, we have a problem with inclusiveness, or to be more precise, we have 874 problems. That is the numbers of contractuales and A1-A8 that we employ but do not include in our D&I benchmarks. Diversity and inclusiveness are not just for some, but for all.

Also, any discussion on diversity and inclusion needs to talk about disability. I believe that our institution has the strength and obligation and, more importantly, would benefit from deliberately hiring staff with disabilities.

Turning to the CCBR, I happen to think that the CCBR may very well have a negative impact on our diversity. The impact comes in three ways. First, we welcome the support for early childcare because it is, in fact, very expensive, but university education is even more expensive. Most of our diversity comes through our specialized career stream and mid-career hiring. These hires have diversity in gender, region, and education, but many of those professionals have children who are too old to benefit from early childcare support but are old enough to lose out on support for college. For these

people, the Fund will become less attractive and so the Fund will lose out on diversity. Why not make this policy truly family friendly and modern by letting staff, including those we have not hired yet, decide what fits their family circumstances instead of having the Fund decide for them?

Second, some of us are so privileged that we can send our children to our home countries where they can get a high-quality university education at low cost, but not all are this privileged. In fact, it so happens that it is exactly the underrepresented regions that will be hurt the most.

Third, yes, support for childcare and better parental leave is family friend, but maintaining an arbitrary cap on education allowance of 50 percent of one's net salary is neither family friendly nor inclusive, and this cap should be removed.

On family friendliness, we have not talked about dual career opportunities. While in today's family structure, the opportunity for dual careers is natural, it is in practice very difficult for expatriate Fund families.

To conclude, diversity is the art of thinking independently together. We need the skill as an institution more than ever, and our member countries expect us to provide advice that is mindful of their unique circumstances and background. Our diverse workforce enhances and enriches Fund's advice. I am afraid that the Comprehensive Compensation and Benefits Review (CCBR) will not help but rather add to the challenge we face in promoting the diversity and inclusion we all want.

The staff representative from the Human Resources Department (Ms. de Bruxelles), in response to questions and comments from Executive Directors, made the following statement:<sup>1</sup>

I will first present the highlights since the last report, where we stand at end-FY2019 against our benchmarks, and some high-level data on diversity in the Fund (Slide 1).

I will then delve into three factors which contribute to diversity, which are recruitment, promotions, and separations. Before sharing the results of the pay gap analysis undertaken in the context of the Economic Dividends for Gender Equality, or EDGE recertification, and this will be followed by

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<sup>1</sup> The staff's presentation is also attached as an annex to these minutes.

inclusion, the main challenges we face and actions to address them, and the future direction (Slide 2).

The last Diversity and Inclusion (D&I) Report covered the period 2016-2017 and proposed quite a number of actions to be undertaken to advance the D&I agenda in the Fund. I will not go through all of them, but some of the key highlights of those implemented are shown on the screen on slide 3, but I would like to point particularly to the revision of the mid-career fungible economist hiring process, which is already showing results. Enhanced performance management will also play a key role in our diversity activities (Slide 3).

The Fund has a 15-year history of diversity benchmarks against which we measure our progress. The situation remains pretty much as we reported in May. In addition, we have included the A9-B5 recruitment targets at the bottom (Slide 4).

If we include staff who have self-reported a secondary nationality, we see the biggest impact is on the MENA+ benchmarks, where we go from 5.5 percent to 6.9 percent representation for the A9-B5 levels and from 5.5 percent to 7 percent for the B-level benchmark. We also surpass the Sub-Saharan Africa benchmark (Slide 5).

Turning to diversity in our stock or our population, this chart shows the share of women and men across the listed dimensions. The high share of women in the specialized career stream and among contractual employees reflects the inclusion of the A1-A8 or equivalent category, in other words, the support or administrative staff (Slide 6).

Here we see the breakdown of the share of staff as a percentage of the whole population by region and grade group (Slide 7).

In terms of educational diversity for economists-and I know this is a really important topic for you-we see that the U.S. and U.K. universities combined continue to be strong sources for Fund's staff. This is a reflection of at least two-thirds of the top 30 worldwide universities for economics being located in these two countries. However, we need to remember that we do recruit many diverse candidates from these top universities and that the degree is only one component of diversity of thought. Culture, social background, and professional experience also shape the way we think. We also conduct numerous missions to universities in a broad range of countries (Slide 8).

Moving to recruitment (Slide 9), which is the first factor that impacts diversity in our population, and here looking at gender over the last five years, we have struggled to recruit women into the professional levels. As a reminder, we have a target of 50 percent (Slide 10).

In terms of the recruitment of underrepresented region (URR) nationals, we have seen a downward trend in the recruitment of both men and women from underrepresented regions over the last five years, both in the economist and the specialized career streams. On the economists' side, we have started to implement measures in the context of the mid-career hiring process to address this. For the specialized career stream, it is more challenging as recruitment happens in a less centralized manner and on a case-by-case basis (Slide 11).

Over the last 5 financial years, we have hired 42 B-level staff from outside the Fund, 7 of which were men from URRs; 20 were men from all other regions combined; 13 were women from all other regions combined, and 2 were women from URRs (Slide 12).

When looking more in detail at mid-career fungible economist recruitment, a 2018 analysis of trends for the period September 2013 to March 2017 revealed some interesting findings. On the left-hand side, we see that female candidates are hired in equal proportion to those invited to and passing the panel. At the time of the study, candidates from URRs were less likely to pass the panel. Since the study, however, we have rolled out more rigorous selection processes, and we see the trend reversing with the pass rate being similar between URRs and non-URRs. The chart on the right shows that candidates with some experience with the Fund have high chances of success in passing the panel and being recruited (Slide 13).

Turning to promotions (Slide 14), we saw in the update in May that there were wide variances in the share of promotions by region and gender. In this report, we focus on the rate of promotions and find similar patterns, be it in the economist stream (Slide 15) or the specialized career stream (SCS), although the differences are not as wide in SCS (Slide 16). We also looked at the rate of promotion from A1-A8 category into the professional levels at A9 and above (Slide 17).

We conducted a study covering a ten-year period from FY2007 to FY2017 into the impact of pivotal assignments, defined solely for the purpose of the study as work on G20 countries and large program countries (Slide 18). In a balanced sample of 656 economists who were all employed over the

whole period of the study, 41.5 percent have not had a pivotal assignment. Of those who had pivotal assignments, we see that the split between men and women is roughly in line with their share of the head count. For URR nationals, the right-hand chart, only a very small share had more than one pivotal assignment, which does not reflect the share in the head count.

The study revealed that staff who had at least one pivotal assignment in the three years leading up to a promotion were almost 50 percent more likely to be promoted. These types of assignments also expose staff to top management and senior leadership across departments. In that context, you will have read the interesting informal study done by Matthew Jones, who is an advisor in the office of the First Deputy Managing, David Lipton, which revealed some interesting findings. I would like to thank Matthew for allowing us to include this important study in the D&I report. HRD is currently defining what will comprise career critical assignments in the future.

On separations (Slide 19), the third factor impacting diversity, on average over the last 5 years, 55 percent of separations are due to retirement and 42 percent to resignations. The remaining 3 percent are for other reasons. These charts show the average rates of resignation over the average share of stock. On the left, we see that women from URRs and men from other regions are resigning at a lower rate than the Fund average. The right-hand chart shows resignation rates by region, again compared with the Fund average (Slide 20).

As you are aware, we are facing a high number of retirements over the next ten years due to staff reaching one of the three retirement milestones. The largest number of future retirees will be at the A14 level, but a considerable share of B-level staff will also retire. We should not miss this opportunity to redress the diversity balance at the Fund and need to plan accordingly. Where possible, we should also leverage this opportunity to address staff concerns about lack of career development and progression. Data shows that our gender pipeline is close to 40 percent, and the URRs pipeline is about 30 percent (Slide 21).

Moving to the pay gap analysis performed in the context of the EDGE recertification this summer (Slide 22), we noticed a gender pay gap difference of minus 3.2 percent overall, which is below the EDGE threshold of +/- 5 percent and can be largely explained by experience, tenure, education, career stream, and other factors. The gap for economists is less than 1 percent. In

addition, in another analysis, we saw a nonsignificant gap for staff from underrepresented regions versus other regions.

This chart shows salary versus tenure (Slide 23). Females are in orange and males in blue. As you see in general, the longer the tenure, the more money you make. You also notice there are two clusters of dots. These clusters we believe can be explained by career stream. If you look at the bottom, the green box plots, the economist salary range starts at a higher level and goes up, while the specialized career stream starts at a generally lower level.

Turning now to the topic of inclusion (Slide 24), in this section of the report, we feature information on measures taken to improve psychological safety, D&I champions, business cases presented to us by our departments, and measuring inclusion (Slide 25).

As a summary, let's now look at the Fund's key challenges and proposed actions to address them (Slide 26). First of all, the challenges, which comprise benchmarks, particularly for MENA+ and East Asia not being met, lower shares of women from URRs at B-level, and women leaders in area and functional departments, uneven recruitment and promotion patterns, managers not being held accountable for achieving results, inclusiveness not yet being part of the culture or not as big a part of the culture as we would like, and many aspects of diversity not being addressed (Slide 27).

The next three slides set out the main actions we aim to undertake in the next couple of years and which we believe will help us progress our diversity and inclusion efforts. These align with initiatives which are already underway or planned in the context of the HR strategy. I will not go through each line separately, as you will have seen these in the D&I report itself, but we do look forward to your thoughts during your feedback in a few minutes.

On this first slide are actions we propose to increase accountability and to address our recruitment challenges (Slide 28). These actions will improve career development and help us plan for staff mobility and succession planning (Slide 29).

Finally, we also want to ensure that we continue along our journey of providing a safer and more inclusive work environment. We will, of course, continue to leverage our inclusion diversity champions and hold events centered on key topics (Slide 30).

Going forward, we aim to broaden the scope of diversity and inclusion (Slide 31). In addition to maintaining gender and underrepresented regions as key focus areas, we also want to address a wider spectrum of diversity characteristics and continue the inclusion journey so that all staff can feel they belong, and we will be extending our work to the four areas you see on screen (Slide 32).

Before closing I would like to take the opportunity to thank the D&I office and the HRD SU teams and all the other colleagues who have contributed in so many different ways to the report and who support our D&I efforts. And once again, thank you, Board members, for your interest and engagement (Slide 33).

Mr. Beblawi made the following statement:

First, it is hard to overestimate the importance of diversity for the Fund. A diverse staff is essential for the Fund to deliver on its mandate. We therefore need to ensure that the Fund remains competitive and that the CCBR does not have a detrimental impact on the Fund's ability to attract qualified expatriates. I would be interested in staff response to the issues raised by Mr. Palei's gray with regards to the risk to diversity.

Second, hiring from MENA+ region continues to fall below our targets. Staff recruitment from the region should be increased both through EPS and mid-career hires. Here I would like to stress the importance of department accountability with regards to diversity. It is not uncommon for qualified candidates to pass the panel but not get offered a position by any department. Another complaint that we hear is that Arab nationals tend to be offered B-level positions at lower grades than their peers. I am also surprised to learn that unlike other area departments, there are currently no mission chiefs from our region in MCD.

Third, on the question of benchmarks, there is a need to look into how these are formulated. They are loosely based on quota. It is not clear why they should be based on quota even if quota reforms were to pass.

Fourth, it is important how the benchmarks are achieved. We want to make sure that nondiverse staff do not feel disadvantaged and that overall staff morale is maintained.

Finally, the issue of URRs retention and promotion, continuous focus on career progression and progression of staff from URRs is essential. We

would be interested to hear from staff how they monitor and address these issues. Thank you.

Mr. Benk made the following statement:

We highly welcome the significant progress achieved on D&I, as we acknowledge the complexity of this issue and the complexity of boosting diversity and inclusion, which requires a very careful approach. The HR strategy, the recruiting, retention, and promotion processes, as well as the compensation and benefits packages, are the main tools which should be aligned to achieve the desired diversity and inclusion goals, and in that sense we would hope for a more systemic approach, first to identify the underlying drivers of the missing diversity benchmark, and then to design targeted measures to improve the results. The report is also missing a comprehensive analysis of the impact of the CCBR, and we fear that the CCBR exercise might have the same repercussions on diversity as had the cutting of compensation from A1-A8 staff.

We encourage the staff to continue the stocktaking exercise and come back to the Board at the earliest opportunity to discuss the 2025 strategy, including the future gender and geographical benchmarks, as well as country groupings. For example, there is no such group as transition countries anymore, and as was rightly pointed out by Mr. Villar, Europe and the other Western Hemisphere countries are just too broad to be a valuable proxy for geographical diversity. The reasons why there are no staff from 41 countries of the membership have yet to be understood.

We also support Mr. Saraiva, Mr. Tanaka, and Mr. Palei in their call for the diversity of thought and educational backgrounds. The lack of recruiting missions in many underrepresented regions is also somehow disappointing.

Finally, on promotions, recruitment and promotions should remain merit-based. Let me draw your attention to staff's answer to our questions, let me quote: "If two candidates are deemed equally competent, then the one adding diversity to the team should be selected." We have many teams in the Fund, within departments, between departments; what if these candidates have different diversity characteristics? Details do matter. Perhaps more importantly, observing and assessing diversity characteristics is straightforward, while assessing competence is much more difficult and subject to considerable judgment. How can managers avoid the perception that promotions were not merit-based? The more we communicate that

managers are accountable for D&I benchmarks, the higher is the risk that such perception would arise, and that is why we were reluctant to support this proposal to increase the accountability of managers. We are looking forward to the discussion on these issues in the broader context of the 2025 strategy.

The Chairman made the following statement:

Thank you. This is an important point that we do not want to deviate from merit but unless there is accountability, it isn't going to happen. We either want it and then, we are very clear on merits – and we have ways to verify that we have chosen the right candidate – and there is accountability for getting there, or we are having a very inspirational conversation here, but it is not going to lead to a sustained change. I just want to give Mr. Benk a response that you can do both. You can sustain high standards of merits, and you can have your team accountable for having a diverse and inclusive organization. I agree with the point that if we deviate from merits, we pollute the morale of staff. I am aware of this risk, but I also want to stress that we either are serious and then we move, or we have good conversations every two years, but the organization does not play its leadership role.

Mr. Jin made the following statement:

In terms of regional representation, the progress made through the mid-career recruitment has lagged and even went backward in 2019. Part of the reason is that diversity has not been built into the decision-making process in the department level. Going forward, we suggest that management could enhance the coordination between the Human Resources Department (HRD) and other departments in regard of mid-career recruiting process, as well as increase departments' awareness for achieving those benchmarks.

As for the Economist Program (EP), while we support the steady progress made in terms of gender and regional representation, there is still much room for improvement. In order to narrow the gap between URRs and other regions, the share of staff from URRs in new recruitment should be higher rather than equal to the current share of staff in underrepresented regions. We suggest staff to earmark some EP positions specifically designated to underrepresented regions in addition to the normal EP quota to enable the catchup of underrepresented regions, at least to some extent.

We have noticed that no recruitment target for East Asia was set for FY2013-2020 as the Diversity Benchmark Working Group considered that the focus for East Asia should be reducing the outflows. However, figure 24 in

the report shows that the resignation rate of East Asia is lower than the Fund average, which implies that the underrepresentation mainly comes from the recruiting process. Therefore, we urge staff to make an explicit recruitment target for East Asia during FY2021-2025.

Representation of influential positions also matters for underrepresented regions. In this band we see room in improving B-level recruitment for underrepresented regions through strengthened efforts in both external recruitment and internal promotion. Specifically, we encourage the Fund to consider external recruitment channels to address the underrepresentation issues in B-level for some severely underrepresented regions.

Ms. Mahasandana made the following statement:

Although there is significant progress, much remains to be done. We have signed on a joint gray with ten other offices, therefore, I would like to focus my interventions on two main points today for emphasis.

First, a robust accountability framework is crucial to ensure that D&I initiatives are effectively implemented so that the benefits of diversity and inclusion workforce do materialize. The benchmark for the underrepresented regions has consistently been unachieved. Like Mr. Beblawi and others in their joint gray and Mr. Beblawi's intervention today, we appreciate the shifting of more diversity efforts towards filling the gap of URRs. However, this requires some oversight and ongoing monitoring to ensure steadfast progress in all key activities that impact diversity, including recruitment, promotion, and separations. For example, improving the distribution of private assignments for economists and specialists career stream to provide more equal promotion opportunity for all, particularly for URRs staff, could help in partly addressing the retention issue experienced in the East Asia staff.

Also important is a continuous effort to better understand the underlying reasons for the gap in meeting these benchmarks, such as the labor market studies and others. Here we echo Mr. Bhalla in his gray that addressing the concern of diversity and inclusion will require long-term perspective and commitment, and this is to be informed by granular analysis of variations across different regions and categories of employees.

We support having a continued broad engagement in setting and monitoring the fiscal year 2025 benchmarks. Like Mr. Saraiva, the cost

implication of the proposed action should also be considered in the budgetary discussions.

Second, we support ongoing work to promote the diversity and inclusion agenda throughout the Fund. A more regional and gender diverse and inclusive workforce bring broader skills and experience that would benefit the Fund in adapting to diverse needs of the membership. Beyond achieving the benchmark targets, we encourage the Fund to continue within the diversity and inclusion agenda into the institution's culture and practice to capitalize on difference and thereby ultimately make the Fund a stronger institution.

Mr. Moreno made the following statement:

For our constituency, this is a particularly important exercise. Given the diverse nature of our member countries and the different economic idiosyncrasies, we believe that having a diverse institution is not only a question of value added; it is a necessity. It is a must in order to perform our work tasks efficiently. It is also very important value added in terms of the Fund leading by example before our member countries, our constituency, which enhances the traction of our work.

We broadly support the set of actions, and we think that there is particularly useful the use of benchmarks. They have proven effective also in terms of accountability, so we should keep moving that way. We have some comments on the different elements of diversity on gender.

We welcome the progress on B-levels, but we are negatively surprised on the new hires. We think the gap between the recruitment of men and women is widening, so we think it is time to raise the B-level benchmark and include another benchmark on new hires as well.

There is the issue of IMF meetings not being diverse and the need to improve the culture of the Fund. You said at the beginning, Managing Director, that there are some mandatory initiatives, so maybe the mandatory is the good way to go to instill some culture into that. We also think it is important to enhance the Board gender diversity. Quoting Ms. Moreno from the previous diversity meeting, at least in the small universe of our last name, there is parity here.

On regional diversity, there is a scope for more granularity on the data distinguishing by country of origin.. This would fit in the 2025 benchmark. In Europe and the Western Hemisphere, there is still a significant concentration

of the staff in a reduced number of countries, and there are still 41 countries that are not even represented in the Fund. In our constituency, of course, we have our own concerns. The level of promotions of Western Hemisphere's is lower than other regions, so we encourage staff to take a look at that, as well as into the recruitment missions, which we have not had one since 2016.

The other element we found particularly important is the educational background diversity, which is an issue that is going to have increasing importance in the future, given the emergence of crosscutting issues. We understand the need to broaden the source of university of origin, but also of academic discipline and professional diversity. We are particularly concerned about mid-career stream, and we share some of the comments made by the staff on mid-career and the CCBR. We will defer that for another discussion.

We also note that most of the new hires come from U.S. and U.K. universities. It would be interesting to know the diversity of that, and we also think that there are good economists outside the Anglo-Saxon world. Like others, we support moving forward on recruitment on disabilities and the others that you mentioned there.

Finally, we think diversity has to rank high in the communication of the CCBR. Managing Director, you were talking about the possibility of doing both merit and diversity, but when we explain the CCBR, it is important to explain it also in terms of diversity just as much as in terms of merit.

Mr. Tanaka made the following statement:

I echo Mr. Jin and Ms. Mahasandana and others, but I would like to make a few detailed remarks. While we understand that there are various aspects of diversity and inclusion, the intrinsic focus on the regional and geographic diversity should remain the bedrock, as well as gender issues. The reason to promote diversity is not for the formality like just increasing the number of staff from URRs, but for its substantiality of contribution to IMF function and capability. Under the current globally uncertain situations, it is imperative to understand any country and any region from a holistic and comprehensive viewpoint by collective wisdom from all over the world. Underrepresented regions area is very wide and full of potential in terms of both growth opportunities and source of risks, which should be analyzed in multi-lensed and multifaceted perspective. We regret the slow and uneven progress of the 2020 diversity benchmark. In particular, it is regrettable that the 2020 East Asia benchmarks were unlikely to be met and could be even unlikely to be met at the end of 2025.

We urge staff to take remedial action according to situation of individual countries. In doing so, staff should monitor the situation, identify factors and plan measures in cooperation with country authorities and Executive Directors' offices. Given the significant underperformance, we believe that recruitment benchmark can be an option for 2025 benchmark for East Asia and other regions. We put emphasis on the needs of more proactive actions to address root causes for URRs in the course of recruitment and promotion under the leadership of management, diversity advisor, and HRD.

I would like to touch briefly on the mid-career fungible economists. We encourage staff to continue monitoring the situation and take necessary intervention to ensure that underrepresented areas, not only passing the panel, but also eventually be hired by departments. In this regard, I would further ask staff to elaborate more to enhance the central oversight of all recruitment under the new HR delivery model, which could impact ultimate decision-making of the department hiring manager and contribute to benchmark achievement.

Last, as to the promotion, we welcome the analysis of a relationship between pivotal assignment and promotion and exposure to management for senior level. From the viewpoint of tackling with a URRs B-level benchmark, providing equal opportunity to URRs staff is important. Hence, we call for HRD to continue to monitor this situation and to encourage department hiring staff to be aware of this issue.

Mr. Von Kleist made the following statement:

Since I signed a joint statement with a number of other Directors, I can be quite brief and make just one point; that is for this institution to be successful in serving its members, and that is why we are here. We need to employ and promote the best and the brightest and those who will deliver the most value. This was the guiding principle in the past and should remain the guiding principle in the future. Now, what is changing—and I think there is a broad agreement on this around this table—is how this best and brightest is being assessed. In the past, the definition and the assessment of best and brightest was a bit narrow, that is why we are looking forward to broaden definition. This is basically where we have diversity and inclusion coming into the picture, and we fully support that.

Ms. Moreno made the following statement:

We issued a very comprehensive joint gray, so I will comment on four issues for emphasis. The first one has to do with leading by example. ED offices could enhance their efforts to promote women representation. Also, the Fund should encourage women leaders, both in departments and as mission chiefs.

The second issue is diversity and inclusion should be encouraged in daily work life, allowing for everyone's voice to be heard and respected regardless of their background, which could be gender, educational, cultural, et cetera. In Ms. de Bruxelles' remarks, a key sentence was all members should feel they belong.

My third point has to do with primary and dual citizenship. We propose a proxy by identifying the native language of the staff, and this information can be complemented with the one that is associated to the passport visa information.

Last, pay gaps among different groups appear to be small, but promotions are not given at a similar rate. As Mr. Moreno emphasized, we have other Western Hemisphere economists, and especially Latin America economists, being promoted at an average rate that is well below the Fund's average.

Mr. Obiora made the following statement:

I deeply appreciate this report, which is mainly a compilation of the status quo with respect to diversity. In effect, I read this report as one that answers the questions of where and when, but I think one aspect that could greatly help the Board would be to answer the question of why. I do not think the report contains a thorough analysis and understanding of why we missed these benchmarks, and if we had that, it would have automatically morphed into the recommendations you are making for improving diversity in the Fund. It is not clear to me that what you put in the report as your next steps could lead to an improvement. For next time, it would be good to have that thorough analysis. I think Mr. Benk also made a similar point.

Second, it is encouraging to see the overall increase in the share of women who have ascended to the B-level, but this improvement marks a disappointing outcome for women from URRs. This is one of the discussions that might make your comments seem parochial, but it is quite important that

we pay attention to this. On this point, let me already thank the Managing Director in advance for her commitment. I could hear the firm determination in her voice when she said this would change, so I hope we can hold her to that very soon.

On educational diversity, I think we need to be careful that we do not have reverse discrimination against U.S. and U.K. universities because it is not their fault that they have done well to create the atmosphere that attracts students from all over the world. The truth of the matter is that these universities lead the world in economic thought, and we have to be careful that there is no discrimination. Educational diversity does not necessarily translate into diversity of thought. Even within the U.S., a graduate from, say, the University of Chicago may think very differently from someone from Harvard. Within the Fund, there is a lot of work we need to do to encourage that diversity of thought rather than just checking the box that I got a student from Columbia into the Fund. If you look at the recruitment package that HR gives to intended applicants, the set of expectations and the way the Fund thinks is already indoctrinating that applicant. These institutional thoughts shape the way that we do things in the Fund and dilutes diversity of thought. I think we need to be careful.

I do think it is important that if diversity is critical to us, you should at least make that effort to go to these places. Mr. Beblawi said he thought in the recruitment and retention report for 2018. In the last three years, I think only one university was visited in Africa and the MENA region, and just on the face of it, it does not look good.

Mr. Rashkovan made the following statement:

Let me start by saying that we very much appreciate the effort to quantify the diversity gap, and this clearly shows us where the work lies ahead to improve regional and gender representation. We want to commend also looking beyond gender and regional diversity, including people with disabilities and the LGBTQI community. There is a lot to cover here, and I would invite you to take this agenda forward. It would be great if by the next report, we could have specific timelines with specific actions to take in each of these areas, and we welcome staff comments on that.

Second, the educational diversity and diversity of prior work experience is key for us. We should hire people from universities around the globe and people with a diverse set of relevant work experiences. This will help bring a variety of perspectives and should be bulwark against group

thinking, as highlighted by Mr. Saraiva and Ms. Florestal in their gray. A well-traveled Ph.D. graduate from Country X might relate more easily to a similar well-traveled Ph.D. graduate from Country Y than to someone with a different background from her own country. This fault line between global professional educational elite and the others is increasingly stealing our political lives, and I would venture to argue the very effectiveness of this institution. If we want true diversity of voice, we should be mindful of this new emerging dichotomy in our policies and hire people with a diversity of backgrounds.

Reading grays, this point clearly garners consensus, and we should therefore address this issue head on. I appreciate the set of actions for the future mentioned in the report, but I would like to add something. A good tool to improve diversity would be to ensure that selection panels represent the diversity we seek, including diversity in educational background and prior work experience. I did not see these in the Actions for the Future section. Staff comments are welcome.

Third, on regional diversity, there is clearly a long way to go to improve representation of URRs. To get an accurate picture of diversity gaps, we need more information on second nationality, as we have highlighted in our gray. I understand that other institutions such as World Bank allow this information to be collected, and we would be interested in understanding the legal impediments for requesting this information. If there are justifiable legal impediments, could we think of other solutions, such as requesting this information on an anonymous basis? Staff comments are welcome.

Fourth, the world is becoming an increasingly diverse place. Within each of our countries, there is significant and increasing diversity as well. Think of racial diversity. Think of people with an immigration background. This leads me to think that the Fund with perfect regional representation would still miss a large group of people, and this group might become larger and larger if we do not pay attention. Take the example of Western Europe. In a couple of decades, the composition of the population has significantly shifted. Does our intake of Europeans represent this diversity?

In our surveillance we are rightly increasing our focus on within-the-country disparities, and if we want a true diversity of voices in the Fund, we should do the same in HR policies. For sure, benchmarks will be complicated, but at least we should start developing sensitivity tools within countries.

The Chairman noted the need to leave the boardroom at 12:17 to attend another meeting.

Mr. Trabinski made the following statement:

This is an important topic, and we welcome the progress made so far in creating a more diverse and inclusive environment of the Fund. However, the work does not stop here. The Fund should continuously strive for diversity and inclusion, as these ongoing efforts are needed. Greater gender balance is the area of improvement that is most visible but not sufficient. In particular, the lack of pronounced progress towards recruitment targets for female professional hires, as pointed out by Mr. Moreno today, and nationals from URRs remain an issue.

We wonder what the main impediments are to meet these targets; and as pointed out by Mr. Tanaka, a careful examination of the root causes seems warranted. Going forward, designing the benchmarks for fiscal year 2025 creates an opportunity for the Fund to undertake necessary remedial action in a well-tailored and granular manner, starting with the hiring process.

Second, we agree with staff that diversity has many dimensions, and it goes beyond the typical aspect such as gender or nationality. The Fund's ability to provide the best policy advice hinges also on different educational and professional backgrounds, as underlined by many chairs in their grays, but also as emphasized today by Mr. Benk, Mr. Obiora, and Mr. Rashkovan. In this context, we welcome the detailed overview of educational diversity at the tertiary level. According to the staff report, the majority of EP degrees are obtained from universities in the U.S. and U.K. While these universities are ranked high, we encourage staff to look for qualified candidates outside of these two countries to create more diversity of thought.

We also welcome the broad geographical scope of recruitment missions, including to URRs. We think this should continue, and we stand ready to support staff in this regard. We also welcome the Fund's acknowledgement and focus on including people with disabilities. In addition, as emphasized in our joint gray, heterogeneity across the transitional grouping remains, and we question whether this benchmark was a useful measure of diversity. We would like staff to monitor closely the representation of the transition countries, and specifically as we look in the presentation, there is a striking underrepresentation of transition countries at the B1-B5 level. More specifically, we also support the Caucasus and Central Asia (CCA) region representation at the Fund. Like Mr. Benk we see merit in revisiting the

regional classification before finalizing the fiscal year 2025 benchmarks to ensure a more comprehensive picture in the future.

Mr. Rozan made the following statement:

We take stock of the limited progress done on underrepresented regions, so we encourage staff to raise the ambition in the 2025 benchmarks and to strengthen their outreach toward these regions. I do not know how we can better organize the take-up of diversity target by managers to better integrate these concerns into recruitment, but clearly something has to be done. In addition, at the intraregional level, a good balance should be preserved between countries. We noted that there is quite a striking imbalance between staff coming from English-speaking developing economies and, for instance, French-speaking developing economies, and to us this bias should be corrected.

My second point is on university diversity and educational background. Educational background should reflect the diversity and quality of education systems throughout the world. Focusing too much on Ph.D. or on some U.S. or U.K. universities unfortunately takes a lot of talented people away from the Fund and reduces the pool of staff to be recruited.

Third, on pivotal assignment, the most rewarding positions should be closely linked to the Fund's strategic priorities, which is not always on the G20 assignment, but should also cover LICs or Fund programs or fragile countries. We know that work is ongoing on this subject, and we look forward to this being reported to the Board.

Fourth, I was a bit disappointed on the part of the document on inclusion and especially on psychological safety. We know that the work is ongoing on psychologically safe work, on unconscious bias, on workplace harassment; but there was not much on psychosocial risks, which is an issue that has been getting traction in my country, which is the stress level within an institution which can lead to turnover or psychological risks and burnouts. We would be interested to know what is being done in this area.

Another thing on gender equality, one thing that is quite striking is the difficulty for partners to get employment, and this might be one of the reasons why it is difficult to reach diversity benchmark for women.

Finally, I just want to echo what Mr. Rashkovan has said on the additional areas of focus in, for instance, disability and LGBTQ diversity, and we look forward to better and new information in the future.

Mr. Sigurgeirsson made the following statement:

In many respects, progress has been made towards making the Fund a more diverse and inclusive workplace, but there are clearly areas for improvement, and the report does an excellent job at identifying those deficiencies and proposing action for reform. We also welcome that the Managing Director has been very clear in her remarks in this area. There is one issue that we think is worth highlighting, and as often is the case with Fund reports, the most interesting material can be found in footnotes or appendices. In this case, we found Annex II on the experience of 100 managers particularly interesting. Like others, we were struck by the concrete findings that such a large share of top-level meetings at the Fund had no women participating in discussions. While we are not the only institution with this problem, we clearly need to do more to improve the situation. And even if we reach all diversity targets and recruitments and promotions, we need to ensure that the organizational culture reflects inclusion and diversity.

Unconscious bias is very hard to detect, as the name suggests, and this experiment was a great example how to highlight the problem and present it in an analytical way, making it more relatable to Fund economists, our key audience here. Given the stark results of this experiment, we would be interested to hear whether there has been any feedback from heads of departments or the management on these findings.

Finally, I would just like to echo the proposal made by Ms. Moreno here this morning to look at native languages as a gauge of nationality aspects.

Mr. Bevilaqua made the following statement:

First, I would like to highlight the intrinsic importance of this agenda for an institution like the Fund. Diversity is a main theme for the legitimacy of the IMF and an insurance against group thinking getting out of touch with the diverse reality of our membership. As a leading institution for the global economy, the Fund needs to incorporate diverse perspectives while maintaining the high-quality of its analytical skills. Moreover, the broader surveillance agenda, which covers the so-called emerging issues, can only be coped with by a more diverse workforce and a more inclusive institution.

Second, I want to join other Directors in congratulating the Diversity and Inclusion Office for the richness of the material presented in this report. It provides detailed and insightful analysis covering not only the developments towards the benchmarks but also some underlying processes that may be hindering progress to more diversity inclusion. For instance, the role that pivotal assignments may play in discriminating against underrepresented regions in promotions is well presented. Also, the analysis of the prevalence of unconscious bias at management meetings is equally insightful. Delving into those specific instances in which diversity may have been curtailed offers an opportunity to develop insights on how to foster it in concrete ways.

Finally, I want to underscore the importance of seizing the occasion of the forthcoming wave of retirements, other separations, and new hires to boost the diversity and inclusion agenda. In this respect, the new benchmarks should be sufficiently bold and granular to continue pushing the Fund in the right direction while remaining tractable. Establishing ways in which managers will be held accountable for the decisions affecting diversity and inclusion will be a key piece of this effort. I am encouraged that under current leadership, this agenda will be forcefully pursued by the institution in the next five years.

Mr. Mojarrad made the following statement:

First, it is unfortunate that Board involvement in the issue of diversity and inclusion in recent years have not been commensurate with its critical importance. There were no annual reports for 2016 and 2018, and suggestions are already being made for lesser Board involvement. More troubling is the proposal to be considered shortly by the Evaluation Committee to abandon the longstanding Independent Evaluation Office (IEO) recommendation to raise the share of nationals from underrepresented regions at senior levels despite concerns expressed in the 2019 Risk Report about the risk assessment level being elevated compared to the Fund's risk acceptance.

Second, the underrepresentation of staff from the MENA region has been highlighted in all diversity reports for the last 16 years. The situation unfortunately seems to have even worsened over the years. While it is now abundantly clear that the diversity benchmark for the MENA+ region will not be met by 2020, the 2019 Diversity and Inclusion Report is further suggesting that under current policies, this benchmark will not be met even by 2025.

This raises the issue of the diversity strategy itself and management and senior staff accountability in its implementation. The suggestions in paragraph 40 of the report to holding hiring managers more accountable is

telling in itself because a credible and effective accountability framework should have been designed from the beginning with this objective in mind, particularly when the goal of promoting regional diversity is set in the Articles of Agreement, a point also emphasized by Mr. Tanaka and his colleagues.

Third, promoting diversity in the Fund should not be viewed as a target-oriented exercise. It should be considered as an integral part of the Fund's strategy to enhance its legitimacy and the traction of its policy advice. Here we agree with Mr. Tanaka that the dominance of certain nationalities may give rise to perceptions of unconscious bias in Fund's policy advice to members. As pointed out by Mr. Saraiva, the report depicts the Fund in 2019 that is still largely European and North American, especially at the highest grades.

Finally, as indicated by Mr. Beblawi, it seems currently MENA is the only region in the Fund that does not have any mission chief or division chief in MCD from its core constituency region. If this is the case, it is very disappointing as it suggests the failure of our promotion policy to help achieve the diversity objectives. Could the staff elaborate on this point?

We suggest to also include diversity in mission chiefs among the dimensions for assessing progress in diversity. Could staff explain its recruitment strategy in the MENA region, including if any recent recruitment mission to the area has been organized to tap into the local talent pool.

Mr. Natarajan made the following statement:

We strongly emphasize and support the need and necessity for having a diverse and inclusive staff pool in the Fund. In this context, the benchmarking exercise provides a strong orientation to achieve the goals. We recognize the complexity and challenge in achieving an ideal diversity situation across various levels. This is due to interplay of regional diversity requirements, gender parity, and merit requirement. Therefore, this is a process that requires long-term commitment and continuous efforts.

Speaking about the leadership levels, while there are specific examples of women at the senior leadership level, we have few of them only. We have strong examples sitting before us, and I am sure the commitment will make a strong case for change at various levels, particularly at the top level. Previously, we observe a relatively high share of women at administrative levels, A1-A8, and less so at senior levels, A9-B5. In fact, another area is also contractual employees. The share of women is high. There are socioeconomic

factors that could be underlying reasons for this. One area that could help address this is the nature of compensation itself where it can be made attractive for women to be regular and full-time employees.

We share the need for a balanced and diverse representation across regions, particularly from the URRs. Recruitment or promotion, this must be taken care to evolve as a balanced and diverse institution. The Fund can demonstrate this by creating a staff pool which balances diversity, inclusion, and merit.

Mr. Fanizza made the following statement:

I would like to thank also the staff for their contribution and for following up on our questions, in particular the one on promotion for women. On the issue of the promotion of Sub-Saharan Africa female economists, this is plainly unconceivable and there is no reason why it should be like that, but the probability to get to managerial level is practically. This has nothing to do with merit. We should rethink how this benchmark works. We see some improvement, which we welcome. This is not a criticism to the system of following the benchmark but we should not overlook something so huge. And this also applies to accountability. How could this happen? This is plainly unconceivable. It means that accountability is very low.

The second thing that I would like to say is that I would like to see more people from different educational backgrounds, not U.S. and U.K. universities. And on that point, I would also like to see the probability of promotion and the impact on career path of coming from a French-speaking or an Italian-speaking university. It is not only something that we should try to add more people like that, but we should make sure that there is career prospect in this institution, otherwise they will not come.

Mr. Ray made the following statement:

This is a good report because it is honest. For example, on recruitment, it clearly shows that we are not really getting anywhere, and I think it is important that we are very honest about where we are going. It is a good example of working with the culture of an organization, as Mr. Sigurgeirsson just mentioned. In my experience, there are times we need to shake the culture a bit, and you need to look behind the data, which goes to Mr. Fanizza's point which he has just made and to Mr. Obiora's question. One way to do that might be to bring external experts in to conduct a cultural audit of the

institution, and my personal experience is that can be quite confronting, but it can also kick the process along.

Like others, I was very impressed with Matthew Jones' annex on unconscious bias in management meetings and was interested in the analysis on the effect of pivotal assignments in promotions. I don't think either of these pieces of work told us much that was unexpected, but they provide evidence in a form that is consistent with the existing culture. Both cases reinforce the importance of inclusion. It is not just sufficient to be looking at the numbers, the Fund needs to cultivate an environment where more diverse talent and experience is valued.

I fully agree with you, Chairman, on accountability. Unless you have accountability and managers are held accountable, you are not going to make any progress. Doing this in performance appraisals is part of the story, but one tool that we used in the Australian Treasury is to get senior managers to report to their peers about what they have done say in a 12-month period to achieve steps towards diversity goals and progress they are making.

Second, flexible work arrangements have a role to play in meeting the needs and expectations of a diverse workforce, and here reversing the default is a common management tool. In that case flexibility would be a case of "if not, why not" and it would be clear to all staff that they could take advantage of working flexibly and that managers are to help them achieve it. Indeed, in the Fund this happens when staff are on mission all the time. They are working flexibly effectively, but when they are at headquarters, there seems to be a barrier toward it.

Third, diversity should be broader than the current benchmarks, as many colleagues have said; and I tend to agree with Mr. Saraiva in his gray that there may be value in looking at the representation of small and fragile states. On that, there are no staff in headquarters from Pacific islands in this constituency, yet the region that we are in is not considered underrepresented. Indeed, of the 41 countries that Mr. Villar notes are not represented on the Fund staff, I represent a quarter of them. While many of them are small, one is not. Indeed, its population is probably larger than Belgium's. The recruits from these countries may not have a doctorate from a leading university in the U.S. or the U.K., but what they could bring is a deep understanding of challenges and opportunities in the region, something that actually might be more valuable.

Lastly, on pivotal assignments, I found concerning that working on an advanced economy like the U.S. is considered a pivotal assignment when the U.S. Chair keeps telling us that their authorities ignore us. We should be finding a way for staff to be valued for working where we can get traction, and as Mr. Rosen stressed, where our strategic priorities lie.

Mr. Alkhareif made the following statement:

In our group we expressed our deep concern about the lack of meaningful progress in achieving regional diversity. Here, I support Mr. Tanaka on the need to focus more on the regional diversity and take the cultural and country-specific circumstances into consideration when tackling the regional diversity issue. I also would like to associate myself with the comments raised by Mr. Beblawi and Mr. Mojarrad on the need to have the mission chiefs from the region, particularly in the MENA region. I think Mr. Obiora also raised a good point about the diversity in thoughts.

Finally, I would like to conclude with a personal note. In my view, your appointment as Managing Director here at the Fund presents a unique opportunity to address diversity gaps. You have proven to have an excellent track record at the World Bank to tackle diversity issues, and you also have a good reputation of talking the talk and walking the walk, and with your stellar leadership, I have all faith in you to achieve the benchmark targets.

Ms. Riach made the following statement:

I very much agree with the view set out in the slides that if we are really going to make progress here, we need a major cultural shift, and in that context, I support Mr. Ray's comments on possible ways to shake things up a bit here. I also welcome the work that has been done on D&I focused training and awareness raising, which I think can be part of this. I join others in supporting the Managing Director's comments on the importance of holding managers more accountable for recruitment and promotion decisions but also for the allocation of pivotal assignments. On the point of does it impact on merit, I do not think it does. I think it is important that merit remains our primary concern, but I also think that it is human nature to recruit people in your own image with a similar background and educational background, and I do think we need to be more challenging to ensure that we really are recruiting fully on merit. In this context, I also support Mr. von Kleist's comments on perhaps taking a broader view of what the brightest and the best means for us today.

The report presents a mixed picture on gender. We welcome that the targets for B-level representation have been met, and over the last year we have seen some high-level and important appointments, which have the potential to set a broader trend. The recruitment targets for A9-B5 grades were missed by a wide margin, and I do think that gender parity at all grades must be the long-term objective. Therefore, the new B-level targets for the 2025 benchmarks should move further in that direction.

The gender imbalance for new recruits raises real questions about the pipeline of female candidates for more senior roles. While we appreciate the challenges that do exist for the Fund, such as the gender imbalance in economic graduates, we do need to set an example as a premier international institution, and more focused efforts to hit the 50-percent recruitment target are needed.

That leads me on the issue of education, which a number of Directors have talked about, and the predominance of Ph.Ds. from U.S. and U.K. universities. I am in the group that think this is a problem. The Fund must do better given its aspiration to represent all of its membership, and opening the doors to candidates from a broader range of educational backgrounds may also enable progress on other elements of diversity, such as achieving gender balance in recruitment. The presentation set out that the Fund is struggling to recruit women and underrepresented regions into professional grades, and that is a good reason to broaden the pool of educational background.

Finally, I support Mr. Ray's points on flexibility, and this was something that we touched on in our gray. The Fund lags significantly behind public sector organizations in other parts of the world, including in the U.K.. For example, in the U.K. Finance Ministry, over the past decades, job shares where two people working part-time cover a single role have become common at all grades, including senior management positions. The same is true for part-time working outside of job shares. These roles have the capacity to greatly enhance staff's ability to balance responsibilities outside work, caring or otherwise, and to continue to build successful careers. Cultural attitudes which could in the past have prejudiced against part-time workers have really shifted because of the high number of roles which are filled on a part-time basis. I encourage staff to also look at this as a potential area for progress.

Ms. Levonian made the following statement:

First, the importance of the Board setting an example for the wider Fund in this area of diversity and inclusion cannot be overstated. As chair of

the Working Group on Gender Diversity, I am very aware of the importance of this issue. The working group is actively working to engage colleagues here and authorities at home to act as ambassadors in this area. The current statistics of three female Executive Directors and three female alternative Executive Directors is, frankly, dismal.

Secondly, as was just mentioned by Ms. Riach, the role of unconscious bias plays an important role, and the fact that we have training that is mandatory is very useful, and to have refreshers on that would be helpful. Having said that, I must agree also with Mr. Obiora and Mr. Fanizza and Mr. Ray that the report could have dug a little deeper into the why of the gaps. We have discussed the HR strategy and CCB, but we have not really delved sufficiently into the aspects of why the gaps remain and what are the barriers to eliminate them. That would be a very useful conversation to have an analysis and to have a discussion around.

The Chairman made the following statement:

Thank you. With my profound apologies to Mr. Rosen and Mr. Mozhin for departing. As I said, I need to meet the heads of state in exactly two minutes downstairs.

Two points from me. One, we take that very seriously because it matters to the effectiveness of the Fund, not just to check a box. You will see that we will be striving for stretched targets. On the gender at high levels, yes, we met the targets, but what are the targets?

The last point is to give you assurances that we will look into every possible way to raise awareness and to mobilize collective responsibility for change. I was recently sitting in a room with all my senior staff accompanying me in the meeting being male, and not even very diverse in nationality males, and I can tell you that I put in the back of my mind that this is not going to happen again. With these assurances that we would take our responsibility to heart, I want you to put that on our shoulders. I heard calls for the Board to get more engaged and I would plead with you not to do it. Do not dilute responsibility. We come to you and you give us your feedback, and then it is our responsibility to do it and report back to you. With this, Carla. Thank you.

Mr. Rosen made the following statement:

As others, we think that in order to see real progress in increasing diversity and inclusion, as Mr. Ray said, we need a mechanism to hold hiring

managers accountable for the diversity of their staff. Given the many demands managers face, diversity is unlikely to be a priority without proper incentives. Some have raised concerns that such accountability could give the perception that promotions are not based on merit, as we have heard today. We fully support that merit for promotion should be paramount. However, we also agree with the comments of the Managing Director earlier today that there is no reason that greater diversity should entail a cost to staff quality.

We also support a shift in focus from promoting those who work on so-called pivotal assignments to rewarding staff who are working on low-income countries and fragile states, and we are glad to hear this morning that the definition of critical assignments is being broadened.

Finally, when considering whether it is easier or harder to recruit diverse candidates based on the changes proposed in the CCBR package, we cannot in our view look at ourselves in isolation. We need to look at our comparators. The information the Board has says that tertiary education benefits are not normally offered by our comparators. We do not believe the Fund will be disadvantaged in recruiting diverse staff by phasing out this benefit which was out of line with those comparators.

Mr. Mozhin made the following statement:

Mr. Palei and Mr. Biriukov issued a comprehensive statement, and I am in full agreement--so I will only make two quick points. The picture that comes out of the report is such that the progress on diversity and inclusion has been mixed and uneven, and that is perhaps an understatement.

Let me also mention the two big topics which I believe are missing in the report. One is the potential impact of the CCBR on developments in the diversity and inclusion area. The second topic that is missing is the developments in the A1-A8 category of employment. We will certainly continue to keep an eye on these developments, and we will keep an eye on that from the point of view of the most fundamental principle of the Fund, which is the need to maintain the international character of the Fund.

The Acting Chair (Ms. Grasso) made the following statement:

Before I pass to staff, I just want to make a comment on what Mr. Rosen said about merit. I will just talk about my case. I have five Directors under my supervision. Three are women, and not because they are women, but because they are very good. On the five big projects that we are

implementing, I have four women; not because they are women, because they are very good. We need to do other things. We need to bring more people from underrepresented countries, more women, but we need to help our staff to open their eyes because we have very good people here at the Fund.

Mr. Razafindramanana made the following statement:

Progress has been made in implementing diversity and inclusion actions. That said, advancement in regional diversity is lagging, particularly in East Asia and MENA+. We are particularly concerned by the overall underperformance in recruiting and promoting women in URR, and we welcome comments made by the MD on this group of staff in her introductory remarks.

As we indicated in the joint statement, women from URRs have not benefited from the push towards gender diversity, and, in fact, their recruitment is declining. As we have raised repeatedly, reversing this trend in the recruitment of women from URRs will be key to achieve both regional and gender diversity. Can staff provide more granularity on challenges faced in recruiting women from URRs?

Going forward, we believe that some actions should rank high in management's agenda. For instance, we see merit in giving the Human Resources Department a more prominent role in the area department recruitment process. Indeed, HRD has been successful in advancing diversity in the context of various recruitment programs like the Fund internship program and Economist Program that are under its control. Likewise, quickly implementing HR initiatives related to talent inventory and management and workforce planning and succession will be essential to take advantage of a planned retirement wave. Those initiatives provide an opportunity to build a pool of diverse talent and prepare them to assume managerial responsibilities as existing B-level staff retire.

Managers should be made more accountable for the lack of progress in meeting departmental diversity and inclusion objectives. The implication is essential to advance diversity and inclusion in the institution, and we agree that performance in this area should be part of the assessment.

The Director of the Human Resources Department (Ms. Kochhar), in response to questions and comments from Executive Directors, made the following statement:<sup>2</sup>

First, on the mid-career recruitment, Mr. Tanaka and others raised issues about, it is one thing to get people through the panel and put them on the list, and then it is another thing to get departments to pick them up. For the fungible macroeconomists, we have put in place a new process, and while I am not declaring victory yet, it is much better now that HRD is playing a stronger central role.

Number two, I also believe the more integrated organization that we are heading towards, where everybody who is doing HR will be reporting into HR will help. We will have forums, more natural settings, to have these conversations and to think from an institutional point of view more than we do at this point, and that is certainly one of our goals in reorganizing the way we do HR.

On the access to pivotal assignments, we were happy to have this work done because until then, it was all anecdotal and putting data on it is important. You are right that it only shows us one part of the story. We now have to think about what to do about it, and we have heard a lot of ideas. We had a good discussion also with heads of departments on the other issues that you have raised many times, which is LICs and fragile states. All of those aspects work in concert. It is about making that kind of work important, necessary, giving it the recognition, and only then will we see a shift in behaviors and the culture.

On educational diversity, you have raised many questions. Let me also put one which I see you raised, and which is a challenge for us. It is not about going and sourcing people from different universities. Maybe we can do more, but we are certainly making progress on that. It is really about assessing them, and I think Mr. Obiora made a good observation there, which is that we still go out and look for people in a certain mold. The challenge for us is, for example, we go to look for people with the economics of climate change; should we put them through the same kind of assessment as we would do a straight-up macroeconomist or not? That is the bigger challenge for us. It is not so much sourcing them. It is how are we assessing them to bring them in.

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<sup>2</sup>Prior to the Board meeting, SEC circulated the staff's additional responses by email. For information, these are included in an annex to these minutes.

There was a question of whether we have diverse panels by Mr. Rashkovan. We do already have diverse panels for all the managerial positions. We have to seek clearance from management if we do not present a diverse short list and explain what our efforts were and so on. That is a step forward, but more needs to be done.

Mr. Rozan, on your question on mental health and psychological safety, the Board will hear about this soon. We have done a survey of health issues, and mental health and stress-related issues are very high in this organization. We have a strategy now that we are trying to put together to address these results on mental health. This is something we have done every couple of years or so.

On the meetings analysis that Matthew Jones did, since he was sitting and doing this in David Lipton's meeting with his knowledge, it is important now to bring all the Department heads in and ask what is happening here, and ask them to make a stronger effort to include people, to be really more inclusive. This is to me a classic example of unconscious bias. I do not think anybody is deliberately being left out, but clearly the outcome is not good.

I wanted to address one comment that people have made about not having Middle East nationals as mission chiefs in MCD. At the same time, we have met the benchmark for B-level staff from MENA+. I just want to make the point that we have also struggled with what we call home bias, which is people from nationalities only being recruited into their home departments and only being promoted within their home departments. It is a very good sign that we have met the MENA benchmark at the B-level, and they are not all in the Middle East Department. They are all over the Fund. We can talk about whether the benchmarks are ambitious enough, and that is a separate issue, but the fact that they are not all concentrated in their home departments to me is a good sign.

On recruiting women in URRs, I do not think we have any particular constraints. I do think that the comments that somebody made about second careers are probably more applicable to women. They are more likely to be in two-career families, but I would say that is speculation at this point.

The staff representative from the Human Resources Department (Ms. de Bruxelles), in response to questions and comments from Executive Directors, made the following statement:

On the lack of achievements of the benchmarks and the why of that and the root causes, as well as how benchmarks are being set and the scope of the regions of benchmarks; that is the work that the 2025 Diversity Benchmarks Working Group is currently undertaking— the root causes, what has worked well, and what has not worked will be part of the report in the context of the working group's recommendations.

On not meeting certain benchmarks by 2025, I want to clarify that we would not meet them if we continue to do things the way we are doing them now.

On East Asia not having a recruitment benchmark, it is true there was not a formal benchmark, but we do within the recruitment and talent acquisition - and this you will see in the recruitment and retention paper of last year—we do voluntarily set a target, but it is not part of the official benchmark, so we do not, if you like, report on it as part of the benchmark reporting.

On Recruitment missions, all the URR missions are scheduled for this year, and this is an annual cycle. Three have taken place already: one to Anglophone Africa, one to Francophone Africa, and East Asia. The mission to MENA will be happening in January 2020.

The Acting Chair (Ms. Grasso) made the following statement:

Thank you for your engagement and informative insights. I have heard your concerns and acknowledge that you would like to see more balanced gender and regional representation reflected in recruitment and promotion activities, as well as more diversity in education. The many recommendations in the report will largely address your concerns. To be successful, however, there must be shared responsibility in implementing the recommendations and greater accountability, so I agree with you; the accountability framework season is a good opportunity to start making departments accountable for that.

I will be asking leaders across all departments for their commitment to working together to close the many gaps highlighted. Let me also reiterate management's commitment to a diverse, balanced workforce, and an inclusive work environment where each employee can feel a sense of belonging. As

Kristalina stated in September, in all organizations in which she had the privilege to lead, she had seen the benefits of nurturing a culture of diversity and inclusion. Every institution is more effective when it affects the world around us. The IMF is no different, so our pledge for measurable and meaningful advancements in all aspects of diversity stands, with a focus on increasing the number and seniority of women and nationals from underrepresented regions. I look forward to working with you in these areas.

The following summing up was issued:

Executive Directors welcomed the opportunity to discuss the 2019 Diversity and Inclusion Report, which provides a comprehensive update on diversity and inclusion (D&I) efforts in the Fund. They emphasized that diversity and inclusion are important objectives to enhance the quality of the Fund's work and engagement with member countries. While recognizing the gains made in some areas, Directors expressed concern over the slow and uneven progress in meeting the 2020 benchmarks, particularly those for the underrepresented regions (URR). In this context, Directors considered that regional and gender diversity should remain the core focus. They broadly supported the approach proposed in the report to achieve a more diverse and inclusive work environment but urged for more forceful and concrete actions to enhance accountability and achieve these objectives.

Directors recognized that some of the 2020 benchmarks have been met or surpassed, such as women at the B level in the economist career stream, but that more work needs to be done to build more gender balanced leadership, with many Directors emphasizing the need to be more ambitious and strive toward convergence to 50 percent over time. Directors also expressed concerns about the widening gender gap in the external recruitment of A9-B5 staff and the declining share of women from URRs among the new recruits. Directors agreed that diversity and inclusiveness affect all staff, including A1- A8 and contractual employees, and asked for close monitoring of the developments in this area. Many Directors also acknowledged the importance of increasing gender parity at the Board.

Directors expressed disappointment on the lack of progress in achieving regional diversity and emphasized the need for greater efforts to increase the share of staff from URRs, particularly MENA+ and East Asia. They noted the importance of analyzing the factors constraining progress for URRs to achieve the 2020 benchmarks and taking timely and strong measures to address the root causes. In this regard, a number of Directors also called for more ambitious targets for URRs going forward. Directors appreciated staff's

work to identify and assess staff dual nationality, which could be complemented by also identifying the native language of the staff. They encouraged the continued tracking of the impact on benchmarks, with many Directors seeing merit in having two sets of regional benchmarks—with and without secondary nationality—to give a fuller picture of diversity. Many Directors also called for a more detailed analysis of regional diversity statistics within specific country grouping with a view to revisiting classifications before finalizing the FY2025 benchmarks.

Directors considered that increased attention should be given to improving educational diversity. Many Directors noted that recruitment was overly concentrated on a limited number of universities and called for a more heterogenous approach to ensure diversity of academic thought and skills. Diversity of other aspects, such as linguistic abilities, professional experience, and skills were also emphasized.

Directors noted the importance of the departmental accountability framework and called for enhanced leveraging and a more robust approach in assessing diversity and inclusion metrics in this framework. They strongly supported holding managers more accountable for achieving diversity and inclusion benchmarks in their performance appraisal, while emphasizing that personnel decisions should remain merit based. Directors welcomed the diversity and inclusion approach that underpins all facets of the HR strategy. Many Directors emphasized the need to carefully consider diversity issues in setting HR frameworks, including compensation and benefits, promotions, and career development. Many Directors also recognized possible implications of the Comprehensive Compensation and Benefits Review (CCBR) for diversity and inclusion and called for close monitoring of related developments and risks.

Directors welcomed the “impact of pivotal assignments” analysis. They stressed the importance of recognizing the work on low income countries and fragile states as pivotal and encouraged managers to proactively select diverse staff for these assignments. They also encouraged efforts to strengthen an inclusive working environment, mindful of issues such as family friendly policies, workplace flexibility, disabilities and health, differences in culture and religions, and LGBTQI+ staff.

Directors encouraged close engagement with management in developing and monitoring the 2025 benchmarks and looked forward to more regular updates by staff.

APPROVAL: October 1, 2021

CEDA OGADA  
Secretary

## Annex

The staff circulated the following written answers, in response to technical and factual questions from Executive Directors, prior to the Executive Board meeting:

### General comments

1. *We would also like to have staff's feedback on the cost implications of the different proposals, as the report barely touches on the budget implications of them.*
  - Some of the actions are already included in the ongoing HR Strategy implementation and sourcing strategy, others are ideas to be explored and developed further with HRD colleagues and the business before deciding on implementation. As such, there are no immediate cost implications. As stated in the report, any request for additional financial resources will be duly justified and requested in the context of future budget exercises. This is also consistent with the proposals in the CCBR paper for the use of savings that would arise from the CCBR proposals.

### Diversity

2. *The persistent gap in achieving benchmarks set for East Asia and MENA+ calls for forceful action and the complete attainment of targets for Africa requires sustained attention. Moreover, the regional approach has its shortcomings, as lack of representation of smaller countries may be overshadowed by that of bigger overrepresented countries. Staff's comments in this regard would be appreciated.*
3. *Transition economies were dropped as a URR and also excluded from the Fund's World Economic Outlook grouping several years ago, so we see merit in revisiting the regional classification for the Diversity Report to ensure a comprehensive picture. Could staff comment on how they plan to address this issue for the FY2025 diversity benchmarks?*
  - The 2020 A09 – B05 benchmarks for Sub-Saharan Africa and MENA+ have been the same since 2003 at 8 percent. Those for East Asia went from zero percent in 2003 to 12 percent in 2009 and were increased to a more ambitious 15 percent in 2015. With the East Asian staff standing at 12.4 percent, the earlier benchmark of 12 percent would have been met but the outcome falls short of the revised benchmark. The shortfalls for Sub-Saharan Africa and MENA+ benchmarks, which have remained the same since 2003, continue to be impacted by some of the factors experienced in previous years such as slow recruitment, dual nationalities where staff elect to report their non-URR nationality, and movements in separation rates. The 2025 Benchmarks Working Group has been recently convened and will investigate some of the challenges causing the Fund not to meet its benchmarks.

- The benchmark (A9 – B5) for Transition Country nationals was set at 8 percent in 2003 and 2009. As the benchmark was consistently met over a period of several years, it was dropped in 2015 with an agreement to continue to monitor the representation. This group currently constitutes 8.9 percent as reflected in the 2019 report. The 2025 Benchmarks Working Group will examine recent experience with recruitment and retention of staff from these countries to confirm that there are no difficulties with attracting and retaining staff from transition countries.
4. *Although it has been indicated that the net outflow of East Asian staff has continued, figure 24 shows that the resignation rate for East Asia is lower than the Fund average, which implies that the under-representation mainly comes from the recruitment side. In this regard, we wonder what staff has learnt as the main factors perpetuating this trend from the separation interviews and whether addressing those issues would not be part of the solution to stem the outflows.*
- The separation rate for East Asia nationals while lower than the Fund average, is the highest amongst the three URR regions, including for resignations. Currently separation or exit interviews are not mandatory for separating staff, however, anecdotal evidence suggests that the abundance of job opportunities within the region for experienced East Asian nationals with international experience is a major contributor for the higher turnover. The target benchmark for East Asia was increased from 12 to 15 percent in 2014, and the current stock of East Asian nationals stands at 12.4 percent. Staff will continue to assess the reasons for the higher share of resignations of East Asia nationals within the underrepresented regions to be better able to address the trend.
5. *The average rate of promotions for Western Hemisphere economists, excluding US and Canada, is well below Fund’s average. We urge staff to assess and address the underlying causes of this trend. Staff’s comments are welcome.*
- It is true that the average rate of promotion is lower for Other Western Hemisphere, and this is mainly for managerial promotions. The promotion rate for some URR groups is also below the Fund average, so this problem is not unique to Other Western Hemisphere. The actions in the report are multi-pronged and aim at creating a level playing field across the Fund. For instance, one of the proposals aims at improving access to all types of assignments within the Fund, which should benefit prospects for all groups, including economists from Other Western Hemisphere.
6. *We also continue to observe that in Europe and the Western Hemisphere there is still a significant concentration of staff representing just a few countries. Further, we note that 41 countries are not represented in the Fund. Could staff advice on which countries are highly over and underrepresented?*
- We do not have a definition for “highly over and underrepresented”, although clearly the reasons why there are no staff from 41 countries need to be better understood.

7. *The staff report indicates that having additional information on staff such as secondary nationality may help provide a fuller picture of diversity. It would be useful to have such information available to the Benchmark Working Group as they consider the future targets. Will the new 1HR system be able to capture this or other relevant information? Is there any evidence of incentives not to disclose dual citizenship?*
8. *We note that the inclusion of the secondary nationality narrows somewhat the number of targets with negative performance, and we believe that this issue should be perused further. We would appreciate comments from staff on the preliminary findings regarding the factors that contributed to the shortfalls in performance.*
- Secondary nationalities, which are currently voluntarily declared, have been monitored for many years and we do see that they can have a significant impact on the achievement of benchmarks, most particularly for MENA+ nationals. The 2025 Benchmarks Working Group has access to the necessary data and will be making recommendations as to how to address this going forward. The new 1HR system will be able to capture secondary nationalities and other relevant information, in a similar way to the current system.
  - The 2014 Diversity Benchmarks Working Group sought guidance from LEG and HRD on the matter of dual citizenship disclosure and reported that “disclosure of secondary nationality (which is justifiable for benefits and conflicts of interest purposes) could be made mandatory but remain “For Official Use Only” in keeping with the Fund’s Personal Information Privacy Guidelines. There are no Fund reporting obligations to member states or any external entity except the primary nationality of Fund staff to the US immigration authorities (i.e. the nationality/passports in which the staff’s visa is issued).”
  - The 2025 Benchmarks Working Group has only recently started their analysis, we will receive preliminary findings in January 2020.
9. *We would also like to have staff’s feedback on the need for the Fund to investigate further the determination of the gender difference in career streams, given its role in explaining the gender pay gap.*
- Within the SCS stream, there is a lot of heterogeneity (more than 10 job functions). Prima facie, it is not surprising, therefore, that there is a larger pay gap (although still small) in this career stream. In contrast, it is encouraging that there is a statistically nonsignificant (less than one percent) pay gap for economists—which is a homogenous career group.

10. *We also would like to learn about support from the Fund to the IMF Family Association and any plans to strengthen its role in the D&I strategy.*
- HRD has a close cooperation with the IMF Family Association (IMFFA) to give spouses professional development and career support, which is one of the top priorities of the IMFFA mission. We provide a spouse career counselor who actively coaches spouses in their career goals and provides workshops and seminars. The IMF Family Association also established valuable networking contacts with IFIs and other organizations in the Washington DC area. In addition to information and resources, networking events for spouses are held regularly to help them navigate the transition and integration into the new host country.
11. *We note that staff highlights that most of new hires come from US and UK universities, it would be interesting to know the diversity in terms of schools of thought within these universities. It would also be interesting to hear staff's views on measures that can be taken to broaden the recruitment process to include different educational and professional backgrounds. Staff's comments are welcome.*
- As part of its sourcing strategy the Fund has strengthened and broadened its engagement with various countries and expanded the university base that it visits, allowing it to target and engage with potential candidates – both experienced midcareer candidates, as well as students. For the latter, the mission targets them through all stages of their studies, namely, the Research Assistant Program (RAP) for those with Bachelor's degrees, the FIP for those with Master's and PhD's and the EP for those with or completing PhDs. Hiring of midcareer candidates who typically come from the public sector, serves to achieve broad diversity objectives and goals – namely, regional and gender diversity, as well as diversity of education and thought as the midcareer hires tend to obtain their initial graduate degree from their home countries. For students, the university visits encourage a broader audience, including those with a Master's or Bachelor's in Economics, to consider the Fund as their employer of choice. We will also be targeting future recruitment efforts at universities which focus on “emerging issues” such as the economics of climate change, gender gaps and income inequality, as well as universities which use different approaches (such as behavioral economics or the use of micro-economic data) to address macroeconomic issues.

### **Recruitment, promotion, and separation**

12. *We would like staff to update the information on the recent recruitment missions, including the Central and Eastern European countries, and MENA+ region.*
- Staff have carried out recruitment missions for the Economist Program, as well as the international recruitment missions to the three underrepresented (URR) regions which targets midcareer professionals (Economist and SCS). For the EP, the missions

visited US, Canada and many European universities, including outreach to universities in Africa and Asia. The Fund is participating for the first time in the annual meeting of the European Economics Association (EEA), where we would target PhD students from across Europe and conduct interviews for the EP program. The Fund has so far fielded three international recruitment missions to East Asia, as well as Anglophone and Francophone Africa respectively. The MENA+ mission is scheduled for January 2020, while the mission to Latin America is scheduled for February 2020.

**13. *Could staff elaborate on how departments currently maintain the balance between observing merit, on one hand, and diversity benchmarks, on the other hand, during recruitment and promotion?***

- Departments making advances with diversity have cited the benefits diversity is bringing to their teams (e.g., new approaches and ideas, complementary skill sets, and raising the bar for team performance) suggesting that there is little or no tension between merit and diversity. That said, departments that have broadened the group of applicants shortlisted for interviews have had good success in finding diverse qualified talent. For certain critical levels (promotions to B1 and B3), the relevant governance committees (the Review Committee and the Senior Review Committee) play an important role in questioning department's nominations and reviewing departments' plans for developing their diverse staff. Departments are also being encouraged to hire and promote based not only on past performance (which may be itself subject to bias) but also on an assessment of future potential. We are aware that such assessment may also be subject to bias, but we are taking care to design robust assessment methods and train managers to mitigate this risk.

**14. *As rightly observed in the report, recruitment is the first step in increasing the diversity among employees. It is encouraging to note the steady increase of women and URR region representation in the Economist Program. Curiously, women accounted for 75 percent in A1-A8 staff and 63 percent of contractual employment, but their share has fallen from 37.8 percent in 2018 to 31 percent in 2019 in A9-B5 levels. Can the staff provide an assessment of this phenomenon? Are there any discernible trends and underlying reasons including socio-economic factors to understand this and address them appropriately?***

- The reduction was the direct effect of a 13 percent contraction in overall hiring in 2019 compared to 2018 (see Recruitment and Retention Experience in CY 2018 – EBAP 19/17). The contraction was more pronounced at the A9-A15 level (20 percent contraction) and SCS mid-career hiring where historically a larger share of women are recruited (30 percent contraction), while the hiring at the B-level stayed steady. The lower recruitment activity, particularly in SCS, impacted the diversity hiring for both women and URR nationals respectively.

15. ***We are not convinced that the emphasis on shifting the accountability for achieving the D&I targets solely to managers is well-justified, as it would possibly fuel such perceptions. Could staff further elaborate on what it means in practice?***
- Managers are the ones who take personnel management decisions, including those related to recruitment and promotions. As such, accountability for these decisions, including achieving diversity objectives must lie with them. Ensuring their teams are diverse should be an integral part of their decision, but clearly the primary considerations for selection or promotion should be merit and potential. In practice, therefore, qualifications, experience, competencies and potential, i.e. merit, are the basis for the decision, however, if two candidates are deemed equally competent, then the one adding diversity to the team should be selected.
16. ***Could staff elaborate more on how the accountability framework and more central oversight of all recruitments would impact the ultimate decision making of the departments' hiring managers, and how it will contribute to meeting benchmarks?***
17. ***Could staff elaborate more on how the accountability framework and more central oversight of all recruitments under new HR delivery model would impact the ultimate decision making of the departments' hiring manager, and contribute to benchmark achievement?***
- Diversity indicators, including some related to recruitment efforts, form part of the accountability framework scorecards. Departmental scorecards are discussed twice a year between Management, Heads of Departments (HoDs), and their leadership teams and departments are asked to explain their plans to improve diversity. Going forward, a common framework for strategic workforce planning and the new integrated HR service delivery model would provide a forum for greater central oversight over recruitment and promotion decisions and allow the sharing of best practice and good experiences across departments.
18. ***What concrete measures could be taken to make the functioning of existing HR committees such as the Review and Senior Review Committees more effective and accountable in achieving diversity benchmarks?***
- The role of the SRC and RC is to ensure due process, consistency and objectivity in vacancy selections and talent review processes. While we do have measures in place to ensure diverse candidates are part of vacancy shortlists and talent review processes, and to ensure interview panels and the RC and SRC are themselves diverse, we believe that the best way to achieve the diversity benchmarks is to hold departments accountable and to do a better job in building the pipeline of diverse talent. As detailed in the HR Strategy discussion several weeks ago, many of the HR Strategy workstreams support the Fund's efforts to build diverse talent pipelines (such as strategic Workforce Planning, the Job Families Career Framework; the Enhanced Performance Management system's emphasis on development; and Succession

Planning). Additionally, work is underway to lay the foundation for a Fund-wide definition of potential, which will enable Fund-wide strategic talent reviews for key segments of staff that will enable the development of more robust pipelines of diverse talent.

19. *We welcome efforts to develop and implement a policy requiring a diverse slate of candidates throughout the recruitment process for all vacancies, including for contractual employees. In this regard, could staff elaborate whether we should expect the accountability framework and new HR oversight model to play a similar role in the recruitment process across the organization, including for contractual employees?*
20. *Diversity of contractals is also important as contractual employees are one of the main sources of staff recruitment. In this light, we would like to ask staff whether we should expect the accountability framework and new HR oversight model play a similar role in the recruitment process across the organization including for contractual.*
- Recruitment data, including on diversity of hires, is already featured in the accountability framework. More specifically the recruitment data is part of the departmental score cards, along with the diversity indicators. The new integrated HR Service Delivery Model should facilitate, aided by technology, more real time monitoring of recruitment data at all stages of the recruitment process. This will, if necessary, allow recalibration of the recruitment strategy to meet diversity and other goals.
  - Currently diversity benchmarks do not apply to contractual employees, though we currently monitor and report on diversity for all groups. We also report on diversity of contractual employees in the context of workforce analysis. Going forward, the 2025 Diversity Benchmark Working Group will examine the relevant issues for contractual employees and present proposals if deemed necessary.
21. *Indeed, the report reveals a nearly 50 percent higher likelihood of career advancement for those staff who have worked on a PA during the 3 years preceding any promotion. The likelihood of promotion is only 18 percent higher than the baseline rate for staff with at least one outstanding/superior rating in the same 3-year window before the promotion. These observations may explain why the results of the staff inclusion index survey revealed substantially higher share of staff thinking that policies are not applied fairly to all employees. Staff comments would be appreciated.*
- We would discourage any association between the findings on PAs and the Inclusion Index. First, there are no policies that are in place (other than tenure and grade requirements) that affect staff selection into PA assignments. Secondly, the Inclusion

Index has not been disaggregated for staff in PA versus those in non-PA assignments. Hence any association is tenuous at best.

22. *We think the part of the report on separations could benefit from a more detailed analysis of the factors driving resignations. Do staff have any estimates of the role that the Fund's compensation and benefits and a lack of promotions play in resignations?*

- Staff have conducted surveys of staff who resigned using PriceWaterhouseCoopers. The results of the survey are reflected in the CY 2018 Recruitment and Retention paper – EBAP 19/17. Lack of career growth and promotion opportunities was the main reason cited by staff who resigned.

### **Inclusion**

23. *Is staff considering acquiring specific technologies to support the recruitment of people with disabilities? Is staff considering introducing specific rules or benchmarks to foster disabilities inclusion?*

- The D&I Office is currently studying, together with ITD and COM, the feasibility of introducing an adaptive tool, which would render the Fund's webpages more accessible. If deemed feasible, we would aim to introduce it after the work on updating the internet is completed. In addition, the Fund currently offers reasonable accommodations on an "as needs" case-by-case basis and in collaboration with the candidate or staff member concerned. For example, the Fund provides verbatim transcription services during meetings for hearing impaired staff if they request it. This is the best approach to providing reasonable accommodation as each person with a disability requires different adaptations.
- Provisions for reasonable accommodation are also included in the Staff Handbook (Chapter 11.01.5.3). Corporate Services, together with HRD and the Bank/Fund Joint Health Service are, together, responsible for receiving and managing requests for reasonable accommodations.

### **HR and compensation benefits**

24. *We would also like to have staff's feedback on the potential impact of the CCBR on diversity and inclusion.*

25. *Could the Diversity Advisor comment on how the proposed cutting of expatriate benefits could affect the Fund's ability to achieve the D&I goals going forward?*

26. *The ongoing CCBR leads the Fund to a major redistribution of benefits from expatriate staff to all staff members. Hence, in the situation of limited overall resources and as a result of the CCBR, U.S. staff will see a substantial increase in their benefits at the expense of expatriate staff. In the opinion of staff, what would be the main risks to the diversity in the Fund, if any? If such risks do exist, should the 2025 Diversity Benchmarks Group explicitly take them into account?*

- The CCBR proposals are very supportive of our diversity goals. We have added a critically important benefit – that of subsidized childcare for all staff with young children. The absence of this benefit represented a large gap in our offerings and, was a throwback to the days when women sacrificed their careers to take care of young children. The addition of this benefit recognizes the reality of two-career families and, in this way, is supportive of gender diversity and expatriates who, by relocating to Washington, may not have the child care support they could have had in their home countries. Together with the increase in parental leave for both mothers and fathers, the Fund will be a much more family friendly place for all.
- We have maintained expatriate benefits – home leave, and education subsidies from kindergarten through grade 12 – on the recognition that there is a clear cost of expatriation for families, especially those with school aged children, leaving their home countries and relocating to Washington.
- With these benefits, we firmly believe that the Fund will be able to continue to attract and retain men and women from all our member countries, and do not anticipate any particular risks to diversity in the Fund, specifically attributable to the CCBR proposals. We will, however, closely monitor key metrics following implementation to identify any impact, which may arise.

27. *Many Directors emphasized the link between the CCBR and changes in diversity. In this respect, we note that, after the changes in the compensation system for A1-A8 staff took effect, the share of US citizens as a percentage of total A1-A8 staff spiked from 25 percent in 2008 to almost 37 percent in 2019. This is a worrisome development, which should not be overlooked in the Diversity and Inclusion Report. This group is also outside the scope of the 2020 diversity benchmarks. We would like staff to elaborate on the reasons for this significant change, which seems to contradict the goals of enhancing the geographic diversity of staff. Did changes in the compensation system negatively affect the structure of staff in A1-A8 categories? Is there a case for more guidance/benchmarks/monitoring based on these developments?*

- The change in policy for local recruitment (Washington DC area) of support level staff at grade A1-A8 was taken by the Board as part of the Employment, Compensation and Benefits Review (ECBR) in 2006. The Fund continues to hire

diverse candidates from the local DC area, including contractual employees. The available evidence suggests that increased hiring of US nationals in this category in the 11-year period mentioned is caused by factors that include the uptake of US nationality by many A1-A8 applicants who tend to be former students in the US. Such students eventually take up US nationality and get hired as US nationals even if they hold other passports and have international non-US backgrounds.

28. ***We note that the CCBR puts much more emphasis on the link between staff's performance and their compensation and promotion. Given the evidence provided in the DIR and mentioned above, are we risking to see more deficiencies and tensions, adding to current worrisome perceptions by the very significant groups of staff of policies not being applied fairly?***
- While we acknowledge that no system of performance assessments is perfect and that tensions are inevitable in an environment where career progression opportunities are limited, we also believe that a performance-based rewards system is a fundamental tenet of the Fund's compensation system and has, by and large, served the Fund well in identifying strong talent. That said, we believe that staff's trust and confidence in the way their performance is assessed will be significantly strengthened by the consistent application of the new enhanced performance management system which calls for much clearer setting of objectives for deliverables and behaviors, and a rigorous and objective assessment of staff performance against these objectives (for example, through frequent check-ins and multi-source feedback). If applied consistently, these new practices will start to build a culture that should result in staff having a better sense of their strengths and opportunities for development, resulting in an improvement in staff perceptions over time.